

The week in London and

Back down to 500

ONLOOKER

AFTER a rather nervous week's trading in which the Financial Times Industrial Ordinary Index fell back below 500 both equities and gilts were looking more resilient in late trading yesterday following the announcement of good Trade Figures and a 2 point cut in MLR. Such was the late revival that the gilt market apparently took a new "tap stock" in its stride.

For much of the week, however, there were widespread falls. The resumption of dealings on Monday followed the similar pattern of profit taking seen the previous Friday and gilts finished the day over 2½ points lower. After a small rally on Tuesday sellers were again out in force on Wednesday. Growing concern over the Ford pay talks and the latest money supply figures left gilts about 2½ points lower but the prospect of a further cut in MLR prompted some late recovery.

The Ford dispute and the miners claim affected sentiment in the equity market and on Thursday the FT Index slipped below 500 and, after a fairly solid start, gilts were also easier on the prospect of another "tap stock." Friday started with little interest being accorded to gilts or equities until the late rally.

Fixed interest

Three new loan stocks from Industrial and Commercial Finance Corporation placed this week are a cautious attempt to test the water of the debenture and loan stock new issue market. It appears cautious because the quotation is for up to £10m. of each stock, but ICFC has only kicked off by placing £2½m. of each. Yet the reception to the ICFC issues when dealings start on Monday will not be much of a guide to the market as a whole. The longest date on the three stocks is 1990, whereas a conventional debenture issue has a life of around 20 years.

The market has not seen a regular flow of debenture issues for around five years. However

there is plenty of investor interest in quoted stocks, especially since they are now exempt from the 2 per cent stamp duty. Yields on blue chip loans are more resilient in late trading than yesterday following the announcement of good Trade Figures and a 2 point cut in MLR. Such was the late revival that the gilt market apparently took a new "tap stock" in its stride.

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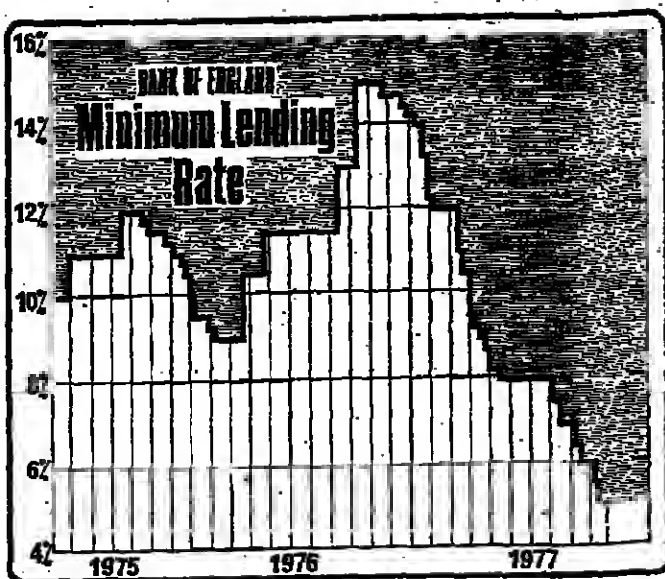
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Minimum Lending Rate

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New York

Fall watchers

BY STEWART FLEMING NEW YORK, Oct. 14

THE SLIDE still goes on a day on Wednesday and Thursday.

Although the more optimistic analysis are still telling anyone who will listen that the stock market is oversold and there are hundreds of bargains to be had, investors this week again put their money where their fears are and wiped more than 18 points off the Dow Jones Industrial Average by the close of trading yesterday. The index is now back where it was in early October 1975 and while some bargain basement shopping put on Thursday nobody can be certain that the selling floor has been reached and that a buying rally is around the corner. The extent of the selling this week has surprised and depressed many analysts.

On aggregate, four times as many stocks fell in price from Monday to Thursday during trading that was extremely light on Monday and Tuesday and only a moderate 22.4m. shares

were traded. The slide was not helped by the fact that the Federal Reserve Board would reveal a major increase in the money supply for the week ending October 5.

This impulse, which wiped 18 points off the index, proved alarmingly correct, since yesterday's money supply increases were among the largest recorded this year and pushed the growth in money supply even further beyond the Federal Reserve Board's targets.

The Fed's pace-setting funds rate has already gone up 2 per cent this year, dragging in its wake other short-term rates up

wards, and the gloomiest on Wall Street forecast more of the same and a correspondingly adverse impact on economic growth.

Moreover, there has been no really good news from Washington to help offset the depression over interest rates. The retail sales figures for September revealed that consumer spending might be faltering while President Carter's rudeness to the oil companies and uncompromising defence of his energy programme has been given a poor rating in Wall Street.

When the President projected that the oil companies would have a combined income of \$100bn. by 1985, meaning sales and not profits, some of his strongest critics in business threw up their hands and wondered how a President who could not even get the economy going might possibly be sympathetic to their problems.

Gold Fields is paying a maximum permitted dividend of \$3.30 per share, making the total for the year of \$2.33. This is equivalent to a gross 12.4723p, against 11.3885p 1975-76.

The group had a mixed year. There were problems with copper, beach minerals and income from gold mining. Investments were stagnant, coal and tin interests had a year and the industrial side of the business had higher prices

from \$59.7m. the year before. On the other hand, the group net profits, at \$19.5m, were down from the previous \$28m.

The main cause of the fall in the writing-off of the Tsumana copper project, Mount Lyell. This led to a provision against closure of \$20.6m. But the troubles of Mount Lyell have stretched back so far that the share price which has continued to show its underlying strength closing yesterday at 228p.

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Your savings and investments

The cost of income

BY ERIC SHORT

SINCE THE TAX SYSTEM in the U.K. penalises income and interest payments much more heavily than capital gains, there have appeared in recent years several attractively designed packages which offer higher rate taxpayers instant solutions to their tax-minimisation requirements. One such package which has received a lot of publicity recently is the withdrawal facility attached to a life assurance bond.

The Inland Revenue has been particularly accommodating in respect of such schemes. An investor in a life assurance bond can withdraw up to 5 per cent of his initial investment each year, without incurring any personal tax liability at the time of withdrawal, subject to an overall limit of 100 per cent of the initial investment. Thus, for example, someone investing £10,000 in a bond can withdraw £500 a year for 20 years, without deduction of tax at the time of each withdrawal. For an investor paying tax at a top rate of 60 per cent, this is equivalent to a grossed-up return of 12.5 per cent on the original investment. But although the package looks attractive, a closer examination reveals certain flaws that interested investors should understand.

In the first place, technically such an investor is not receiving income so much as realising part of his capital. Provided the average growth rate on his bond exceeds 5 per cent, then his original capital will remain intact. But investors should always bear in mind occasions like the 1974 bear market, when values were halved. They need to preserve some form of flexibility in their arrangements,

so that there is no necessity to cash-in in a depressed year.

Secondly, the payments are not tax-free as such—the tax liability is simply deferred until the bond is cashed in. Those advertisements that talk about tax-free payments are misleading. The method of computing ultimate tax liability is complex, but the calculation is shown in the table. The theory is that an investor will take his withdrawals during a period when his tax liability is high, and cash in when his liability is reduced: after retirement, perhaps. In practice, however, matters may not turn out so conveniently.

Taking these two factors into account, the picture does not look so rosy. What's more, let's make an actual comparison between a life bond and a high income trust, looking at the income payments over 20 years and the return at the end of that period. The tables below show the position for two investors—a standard rate taxpayer and one with a top rate of 60 per cent. Obviously certain assumptions have to be made, and we are taking as our starting point a 7½ per cent growth rate for equity bonds—the rate used by life companies in their illustrations.

On this assumption it is conservative to reckon that high income funds, where the dividends are being paid out, will reinvested, will grow at 4 per cent. Our second assumption is that the initial yield on a high income equity fund is 8 per cent, and that this will increase by 4 per cent per annum. Again, this is conservative.

The tables indicate that a standard-rate taxpayer loses out on both capital and income with the withdrawal scheme, and there is nothing in it for him.

To be fair, however, withdrawal schemes have never been aimed at the standard-rate taxpayer. But while the higher rate taxpayer gains on the early income swings, he loses on the final capital payment roundabouts. And this penalty is never highlighted in the literature. The lesson for investors is to check every scheme put up by intermediaries, and make sure that you are informed of the alternatives.

INVESTMENT OF £10,000 BY A STANDARD RATE TAXPAYER

Life assurance bond	High Income Trust
Income £500 a year for 20 years (tax deferred)	Gross Net
Capital value after 20 years (a) £16,702 free of tax	1st year (c) 800 528
	10th year 1,138 751
	20th year 1,685 1,112
	Capital (b) 21,911
	Less CGT (d) 1,548
	Net payment 20,363

HIGHER RATE TAXPAYER TOP RATE 60 PER CENT.

Life assurance bond	High Income Trust
Income £500 a year for 20 years (tax deferred)	Gross Net
Capital value after 20 years (less tax) (a) (e) 16,702	1st year (c) 800 320
Net payment 13,840	10th year 1,138 455
	20th year 1,685 674
	Capital (b) 21,911
	Less CGT (d) 1,548
	Net payment 20,363

(a) growth at 7½ per cent. (b) growth at 4 per cent. (c) yield of 8 per cent, increasing by 4 per cent p.a. (d) 13 per cent of the capital. (e) 26 per cent of the profit.

The cost of credit

AUTUMN IS traditionally the season for a high level of spending on consumer durables, as users recover from the summer's expenditure, and people prepare themselves for a rigorous winter. Over the last two years, it's true, the market has been much less robust than usual, with the squeeze on real incomes inhibiting people from going out to spend. This time round, though, with a one-point cut in its flat rate yesterday.

For those who know that they won't be able to pay back their loan within the year, a personal loan is the best of the alternatives available: and here, too, rates have been coming down. With Natwest leading the way, a one-point cut in its flat rate yesterday.

And, finally, how about the various forms of hire purchase finance? They are, I think, worth it—if you can find yourself a deal that incorporates some form of discount. Thus Debenhams, at the moment, is offering six months' interest free credit on purchases of £50 and more, and 12 months' interest free on deals worth more than £100. And the hire purchase companies will very often get together with, say, a motor manufacturer or retailer to offer a deal better than most other forms of credit can match. The best advice on this is shop around.

THE COST OF CREDIT

Overdrafts: all clearing banks	3-5 per cent, over base rate
Personal loans:	
Co-op Bank	15 per cent, per annum (true)
London clearing banks	14-17 per cent, per annum (true)
Yorkshire Bank	17-5 per cent, per annum (true)
Cash and Barclaycards	1-75 per cent, per month on outstanding balance. This works out at a maximum of 22.14 per cent, per annum.
Over-credits	This varies. But, e.g. 2 per cent, per month on Debenhams option charge accounts (i.e. maximum of 26.83 per cent, per annum. Approximately 30 per cent, per annum nominal on credit terms—but interest-free offers may reduce the real cost.
Hire purchase:	This varies. But, e.g. UDT personal loans cost 18 per cent, per annum on £1,000 over two years. Some amounts used for car purchases would cost 22 per cent, per annum (true).

Winners take all

BY TERRY GARRETT

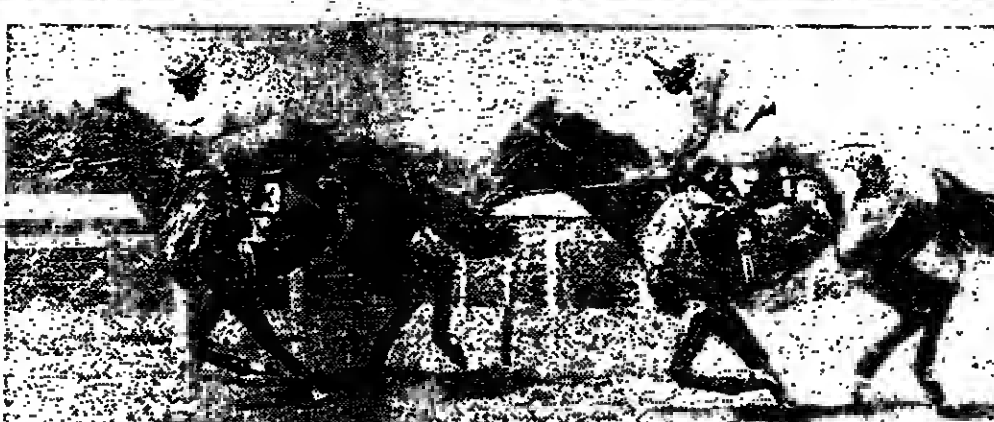
HAVE YOU EVER thought about investing in a yearling—not a local council bond, but a counter for the 'sport of kings'?

As those with a fancy for the glory of leading in the winner will already be aware, the Newmarket horse sales started this week.

Mr. Michael Watt, a director of Tattersalls, took time out from the auctions to give me his opinion on the likely outcome. In all there are some 550 yearling horses in the catalogue, of which he reckons around 475 will be sold. For a top horse the price could be anything up to £250,000, and at the other end of the scale some will go for as little as £3,000 to £5,000. Mr. Watt reckons prices will average £12,000 to £13,000.

This is all "bargain basement" stuff, as against the prices quoted in the U.S. sales. Last summer the average price paid for a yearling at the sales in Keeneland, Kentucky, was £55,000. But even if that makes our horses look cheap, £12,000 isn't a give-away price for an animal that may never get amongst the front runners.

Picking the right horse is to look after a horse for one year. The trainer's fee will be around the £2,500 mark, and on



tor of Lingfield Park, to ask where a potential owner could find a trainer who will buy for him. Most introductions, he told me, were by word of mouth, but there is a book, "Horses in Training," which lists all trainers and the horses in their care.

Geographical location is an important point in making your choice. There is no point in owning a horse if you cannot watch it developing, unless it is bought solely as an investment. In that case, the chance of making a good return on your money is very remote.

Spreading your initial investment across three or four horses, rather than putting everything into one animal, increases the chances of owning a winner. But then the probability for the owner is running against the odds.

In all, an owner can reckon that it will cost him about £3,500 to look after a horse for one year. The trainer's fee will be around the £2,500 mark, and on

top of that there are incidentals a lease might run along the following lines. The lessee takes out the costs. Joining a syndicate is one, and there are plenty of advertisements for them in the sporting press. A syndicate can have up to 12 members, so costs can be cut dramatically.

Most racecourses will only issue up to four free entrance badges per horse, so the rest of the syndicate members and their families will have to pay to see their horse run. Also it is impossible for the trainer to get to know all the members of a syndicate, so that shareholders tend to become remote from the horse. And that defeats the object of owning one in the first place.

Partnerships are perhaps a better idea. The maximum involvement in a partnership is four people, so that the relationship between owners and trainers remains far more personal. Leasing a horse is rare but it does have distinct advantages for both sides.

Obviously the terms vary, but

do all the running costs but pay nothing for the lease. Any winnings above the level at which the expenses are recouped—say £3,500—is split 50:50 between the lessee and the owner. The great advantage to the lessee is that there is no capital outlay; and if the horse does not measure up it can be sent back to the owner.

But even where costs are cut, the chance of making a positive return on your investment is remote. According to the Economist Intelligence Unit's report this summer, only 10 per cent of flat race horses, won enough to offset the cost of their keep.

According to Lord Howard de Walden the Jockey Club's senior steward: "Owners... realise the unlikely possibility of recovering their costs. This is the price they pay for the pleasure of ownership." So if you are thinking of running a horse for a profit, you have had your warning—almost from the horse's mouth.

Matters of choice

ANYONE PUTTING money into International Synergistics investment trusts or unit trusts people hold that each unit trust has a problem with which to contend. There are a lot of x per cent, per annum on average, then reckon to provide income and/or capital growth. All of them preach the defensive virtues of managing shares. All of them stand in relation to its potential spread. All of them provide a mine which of them deserves the short term investor on a purchase or sale.

The easiest way of settling the question is to look back at their records. Once a good performer, always a good performer: that's the argument. Only it doesn't work out like that. Last year's star performer is all too often this year's dud: times changed, and the balance of the portfolio was wrong. Some management groups, to be sure, turn in a consistently respectable performance. But that isn't much consolation to the investor in a trust under-performing the group's average. So what if it underperforms once he's sold out? What he needs is to be able to determine which trust will do well on his own investment time horizon.

I have recently been looking at two systems which reckon to do just that. One is provided for investors in unit trusts by the American firm Synergistics

ADRIENNE GLEESON

Fight the effects of inflation and taxation.

Legal & General Unit Assurance

is a practical way to fight the effects of inflation and taxation which have made millions of investors worse off in recent years.

What is Legal & General Unit Assurance?

Legal & General Unit Assurance is a specialist company within the £2,400 million Legal & General Group. It is thus backed by all the expertise and experience of the country's second largest life insurance company.

It has new investment plans which are designed so that they can cut your personal tax bill and/or they can produce tax-free or low-taxed investment profits and income.

These plans are linked to five investment funds, managed by Legal & General's own investment specialists. It is the performance of these funds, coupled with tax efficiency that produce direct returns for you.

A two stage attack

Legal & General Unit Assurance has been thought through as a definite two stage attack against the effects of inflation and taxation. To start with we are introducing two immediate plans; one for people with capital to invest and one for the higher rate taxpayer to create capital from income—tax-efficiently.

In the near future, two more investment plans will be launched. One specifically for the self-employed and one for senior directors and executives, both designed to create tax-free cash and substantial incomes, both offering powerful tax savings.

Does it work?

Yes. Have a look at the examples and see if any of them are directly relevant to you. If not, read the last section of this announcement.

Two examples for immediate action

Have you £1,000 or more to invest?

Literally hundreds of thousands of people do and are looking for capital growth or income or a combination of both. For example, a retired woman has £60,000 invested in stocks and shares and looks to this for income. At present, she receives £3,000 dividend income, but only £1,500 p.a. after tax. If she invests her £60,000 in Legal & General Unit Assurance Capital Accumulation Plan, she can take up to £3,000 p.a. for income with no immediate tax liability and have her money professionally managed by Legal & General's specialists. If they achieve

anything over 5% growth in unit values, then her capital also grows in value.

Are you a higher rate taxpayer?

If so, here is one example of what Legal & General Unit Assurance Capital Accumulation Plan can do. A man, 50, earning £15,000 p.a. with mortgage payments nearly completed and children leaving home can expect to pay nearly half his salary in tax. By investing £2,000 p.a. in the Legal & General Unit Assurance Capital Accumulation Plan he immediately reduces his tax bill by £340 p.a. After 10 years, assuming 7.5% p.a. growth in unit prices, he could have £28,000 either to take as a tax-free sum or as a source for a regular tax-free income.

What we will be introducing in the near future

Are you self-employed?

If so, Legal & General Unit Assurance's special Plan for all self-employed people could be the best investment you will be able to make, because it will give you:

- full tax relief on regular contributions;
- tax-free build up of your investment;
- a tax-free cash sum plus an annual income (taxed only as earned income) when you retire;
- and you will be able to vary investment to reflect your income year by year.

For example, a man, 45, has taxable earnings of just under £15,000 p.a. His highest rate of income tax is 50p in the £. He pays £5,500 p.a. in income tax. He gets full tax relief so that his net cost is only between £400-£500. His money is invested tax-free. Assuming 10% p.a. growth in unit prices, it grows to around £60,000 by the time he

reaches 65. He can then take approximately £18,000 tax-free plus an income of £6,000 p.a. For that, the total net cost to him has been only between £8,000-£11,000.

Are you a senior executive or director?

If so, Legal & General Unit Assurance will soon have a Plan that need not cost you anything, since your company can pay all the contributions and receive full corporate tax relief. This Plan will give you a tax-free cash sum of up to 10 times your final salary when you retire plus a high annual income taxed as earned income.

For example, under the Plan, a man, 45, earning £12,000 p.a. today could receive a tax-free lump sum of £18,000 and an income of £6,000 p.a. when he retires at 65. Of course, his earnings may well grow before retirement, in which case those benefits can be increased proportionately.

Are you interested?

These examples outline how you can start to fight the effects of inflation and reduce taxation.

Please note three things. First, we have shown examples; they do not attempt to give all the legal and technical details. Second, the first two plans can be taken advantage of immediately. Third, if you have money to invest and are a higher rate taxpayer, Legal & General Unit Assurance could be useful for you.

But, before you invest substantial sums, we would expect you to find out the full details. So please consult your insurance broker or other professional adviser or ask us for details.

It's up to you. But, you can do something about the effects of inflation and taxation.

If you would like more information, write to: Graham West, Legal & General Unit Assurance, 52 Pall Mall, London SW1Y 5LE.

Legal & General Unit Assurance

A multiple tenancy

I let a flat, with two double and two single bedrooms. The occupants of the double rooms are friends, but each arrived at a different time. All pay rents individually and all share the remaining parts of the flat. Do you remember this situation falls within Section 102 of the 1968 Rent Act? What rights do the tenants have when a vacancy arises? Can they object to a new tenant? Must I fill vacancies as they occur and if not what about payment for loss and electricity? If I refuse to fill vacancies in a double room, can I effectively reserve the right to fill them at some future stage, so that the tenant cannot claim a right to the room for himself? If I gave a tenant notice to quit, would the

matter go before the County Court or the Rent Tribunal?

Assuming that there is no written tenancy agreement, it would appear that the lettings fall within Section 102 of the Rent Act 1968 except in the case of the double rooms. Those tenancies may be outside the Rent Act as each occupant is apparently treated as a tenant in his or her own right. Strictly speaking the tenants would not be entitled to object to your choice of new tenant—their refusal to give notice and leave themselves would not be bound to fill vacancies, but could not charge for more than half a room while the vacancy is unfilled. It seems that the tenants would still have to pay an equal share of the total gas/electricity bill, regardless of vacancies, as the use of

the supplies is by the actual occupants. The answer to your penultimate question is that you can reserve the right to fill vacancies later (assuming that you charge rent for half a room only) but it would be wise to state your position clearly in writing. The matter would not go before the rent tribunal if you give notice to quit a double room, but the occupiers of single rooms could apply to the Rent Tribunal if they wished.

A friend, not domiciled in the U.K. and resident in Greece asks me whether his South African dividends paid in the U.K. are liable to U.K. tax and also whether his U.K. dividends are liable or whether

a certain percentage is recoverable. Can you please help?

Your friend is exempt from U.K. tax on his South African dividends (and any other income arising outside the U.K.), regardless of whether the income is remitted here. If U.K. tax has been deducted, he should apply for a repayment claim form (A1) to the Inland Revenue, Foreign Dividends Office, Lynwood Road, Thames Ditton, Surrey. KT17 0DP.

would benefit from a claim for proportionate reliefs (under section 27 of the Income and Corporation Taxes Act 1970) for years after 1972-73, unless either (i) the greater part of his income consists of U.K. dividends or (ii) his worldwide income is only a few thousand pounds.

The last paragraph is not as helpful as we should wish, because you do not give any idea of the size and composition of your friend's income.

and regard as payment; occupant, occupancy and occupation? Would it be advisable to let on a weekly, fortnightly or monthly basis? In the situation which you postulate the owner must still use the process of a court action to recover possession so long as the premises are in residential occupation; otherwise he has the alternative of making a peaceable re-entry without applying to the court. It is preferable to use the terms appropriate to a licence, as you suggest, rather than "rent," "tenant," etc. While it is not necessary to have one period rather than another as the basis for the occupancy, it would be preferable not to use a weekly basis, as that is the common form in the case of an oral tenancy. Moreover a weekly basis may require the use of a full rent book, and a payment record book or card is to be preferred.

BY JOHN PHILIP

MY COMMENTS on some of the insurance problems of skateboards last week might have seemed more than usually light-hearted. But just to emphasise my fears I would like to pass on some figures which came my way from insurance brokers who are actively seeking special cover in this country as a sales aid. Almost incredibly, some 30m. skateboards have already been sold in the U.S. and manufacturers there are said to be reckoning on a 50m market. Over here the calculations are that 2m. boards can be sold by the end of next year. I have no figures on motorised skateboards.

Space did not admit a full

between insurers and proposer and insurers rely to a great extent on the honesty of the great mass of the insuring public in all aspects of their dealings. But the divergence between moral hazard theory and practice has become more and more marked over the years, by the adoption of insurance mass marketing methods, particularly of "all risks" cover for the average citizen.

It is not so long ago that "all risks" cover was provided only against the recommendation by the agent that the proposer was of sufficient integrity that insurers could positively trust him or her. Nowadays almost

I am executor of a friend who died in November 1976. He had made a loan to Leeds City, which had been extended to 1975. No interest was received since August 1975, until, when I took over, the city agreed to renew the loan backdated to the renewal to August 12, 1975. I received payments, dated for September 1975 to September 1976 inclusive. Leeds deducted tax at 35 per cent., whereas the Tax Inspector has assumed that the rate should have been that current when the interest became due. Which is right?

Secondly the last payment "before" death was on September 30, 1976 and Leeds wrote that "accrued interest as at the date of death as £91.37 and this will be included in the half yearly payment due

on March 31." On trying to reclaim tax deducted on this part of the half yearly payment, the Tax Inspector holds that this relates to either as it arose after the date of death and should be declared (wholly) by the sole beneficiary." What please is your view?

The facts are not quite clear from your letter, but it looks as though the Leeds City Treasurer is right. Section 54 (1) of the Income and Corporation Taxes Act 1970 (as amended) says that "where any yearly interest or money chargeable to tax under Case III of Schedule D is paid . . . by a local authority . . . the person by or through whom payment is made shall, on making the payment, deduct out of it a sum representing the amount of income tax thereon

for the year in which payment is made." As payment was made in 1976-77, apparently, tax was properly deductible at 35 per cent.

However, the effect of section 64 (1) may be to cause you to forfeit any tax refunds which you have secured in respect of the period before the testator's death. This follows from section 688 (3) of the Taxes Act, which (as amended) says the "tax" of estimating the total income of any person is any income which is chargeable with income tax by way of deduction at the basic rate in force for any year . . . shall be deemed to be income of that year . . . notwithstanding that the income . . . accrued . . . in whole or in part before . . . that year."

The interest is deemed to be

income of the day on which payment is made, so interest will thereafter November 27, 1976, is not regarded as part of the deceased's income for income tax purposes—although earned interest is taken into account for capital transfer tax purposes. There will therefore be a liability to pay inheritance tax on the assets, as income of the sole beneficiary, (under section 427 of the Taxes Act), subject to relief for capital transfer tax (under section 430).

Section 31 of the Taxes Act assessed to provide some "relief" where income attributable to a period exceeding a year is received in a year," but regrettably this section was repealed in 1971 (with effect from 1973-74) on the grounds that calculation of the relief took up too much time at tax offices.

In 1971 I took out a loan on which I pay a very high rate of interest and recently I was told that there was a new law whereby it is possible for a person to apply to the Court, if he feels that interest is too high. Is this so? If it is, does it apply to loans incurred at an earlier date?

The hedge separating my property from that of my neighbour is clearly shown on my deeds as being mine. My neighbour says it is his, though he declines to show me his deeds. Can my ownership be challenged?

IF your deeds do in fact state or demonstrate the ownership of the land (which is unusual) they could only be effectively challenged if your neighbour could show an earlier conveyance, by the same vendor as the vendor as in the relevant deed on your title, which unequivocally states or demonstrates that ownership is in the neighbouring owner, not in you or his predecessors in title. If that event the register could be rectified to conform with the earlier deed.

With these methods insurers recognize that they are setting themselves up as potential targets for a few dishonest policyholders whose activities they aim to circumscribe if not actually to defeat, by the application of claims conditions and exclusions. The insurance industry of claims that are made. It is the legal duty of any claimant, however honest, under any policy of insurance, to prove his loss; and if insurers are not satisfied in the particular case, they can always refuse payment or leave the claimant to litigate in the courts where his and his assertions will be subjected to full legal scrutiny.

In the situation of shared furnished accommodation let outside the Rent Acts, what is the procedure in the event of owner/landlord wishing to recover possession? Would an owner in letting on a shared basis be advised to avoid using the words rent, tenant, tenancy and letting and instead describe

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Cinema scope

Trident Television's venture into film distribution—via *First Ladies*—may at first glance seem to be a rush to follow Lord Greedy whose AT Corpora-tion has been causing such an international stir. Not so, cries Trident chief G. E. Ward. "I don't think," he says, "that the Thomes, perhaps concerned that their shareholders should not be alarmed at the \$100m.-plus grade film investment, are rushing."

Trident has been in the film business for nearly a year now and is trying to make a name for itself by being a film-maker, not a film seller as well. At the moment it has only one film in its books, *The Four Feathers*, which is eagerly looking around for product. Within a couple of years, apparently there are hopes that Trident will be making three or four pictures a year of its own, and distributing many more made by other people. Distributors are the middle men of the film world, and it is not surprising that they are being eyed by cinema owners and film-makers alike for taking too

much of the gate money and yet constantly complaining that they themselves cannot promote the market, make copies off and often finance films on their narrow margins.

While Grade has gone in for big name, big budget pictures, Trident is aiming for a more middle range product, but also with international appeal.

Although Ward Thomes and his colleagues try to keep the financial pace of conversations down one can help mentioning the current financial dream story



Ward Thomas: Telly vision

vision company are at apparent odds. The film world officially supports a ban which in Britain means that no cinema product can be seen on TV until it is five years old. Ward Thomas suggests that this is a little too good, with the American two-year system being more acceptable. It is a view strongly shared by Grade. Will television's film voices chance the scene?

The fresh water crayfish of which there are some 500 species, occur in most parts of the world and have provided a valuable source of protein to some societies and luxury in others.

In Europe, they are often farmed in ponds and lakes on an integrated system with other fish on the surface, carp and other fish in the water and crayfish on the bottom acting as a scavenger.

About centuries ago, stocks were attacked by diseases which virtually wiped them out, although some survived in their native state even in England. Crayfish are not often seen in daylight as they are nocturnal in habit.

Crayfish still continue to be eaten but most are imported from Europe from Turkey. In Sweden, the crayfish is a staple food.

were restocked with an American strain *pasifastocus leniusculus* which was found to have a faster growth rate than the native Europeans and to be resistant to the disease.

Away game

Perhaps the most surprising thing about the annual conference of the Association of British Travel Agents this year is that it is being held at all. The cultures have been hovering over ABTA for a couple of years now, ever since the Office of Fair Trading started taking an interest in the way the travel industry runs a closed shop as marketing is concerned and keeps a tight grip on pricing.

Far from being dead ABTA has far more next month in Lisbon as gathering of several thousand argumentative and ambitious individuals headed by a new leader, Mrs. Margaret Hook, who dedicatedly outspoken lady who heads Wallace Arnold, the charismatic Mrs. Hook looked like being the last president of the association when she took over a few months ago but now beads a body which shows new signs of vitality—if only as critics suggest, because the Office of

Fair Trading cannot think of anything better to replace it.

aircraft. However my insurers might well have another line of defence against my claim for injury from bang gliding—that I had failed in my legal duty to disclose my participation in this dangerous pastime, when proposing for the policy or subsequently renewing it.

The risks of bang gliding and skateboarding are far apart and I see nothing—yet—in the average PA policy to exclude injury from the skateboarding, and nothing in the use of non-powered skis for which I might lose my insurers faced with claims to argue about non-disclosure. But injury arising from the use of powered skateboards is, so to speak, a borse of a different colour. Here as in all insurance matters it is better to ask insurers for confirmation of cover first rather than to argue afterwards: when one has suffered loss, damage or injury.

The risk of injury from physical activity, the risk of loss from fire or theft—what insurers call physical hazard—is assessable in terms of cover and premium since there is sufficient statistical data. But in strict insurance theory, moral hazard—the chance that the proposer has positively lied about the risk he wants covered or that as policyholder he may destroy his own property or otherwise fraudulently claim—is just not calculable and is just not insurable.

All insurance is of course to some extent a matter of trust

friend was speculating on the safety of his local bank and the valuables he had there deposited; suppose his particular branch were raided and his property taken—what would his insurers do?

The point he made was that unless the bank staff could be positively involved as witnesses to what he had put into their hands for safekeeping there was only his word and perhaps that of his wife that the valuables existed, had been put in the appropriate box and lodged in the bank. No one had checked the contents of the box, in fact quite the reverse, a check had been refused. For all his insurers could ever know, his box could be utterly empty or full of garden stones.

The answer I gave him was that it is up to the policyholder to prove his loss at the time of the claim by such extrinsic and independent evidence of the existence of the property and its worth—and here we come straight back to purchase bills, valuations and the like, which should always be kept in a separate place. But I did give him a word of reassurance—that in the handling of claims of this kind insurers and their edjusters start work from the assumption that the customer is honest and truthful. This attitude may let a few fraudulent claims through the net but it is the price that has to be paid for the good name of the insurance market.

Contributors: Arthur
Sandles and John Cher-
rington.

GASPED with fairly genuine

GASPED with fairly genuine surprise when Bill Gurney opened his front door to me one evening. Instead of the almost indigenous denim jacket and jeans he wears when relaxing in his town, comprehensive school in Birmingham, he was dressed in a sharp, three-piece, light-grey pinstripe suit.

His response to my gasp was a bit of by-play about having secretly become a barrister, accompanied by the unsnapping of a smart briefcase and the extraction of an intimately embroidered pair of briefs. Then he told the truth: he had at last succumbed to a campaign by his school's headmistress against the wearing of given his her staff.

Given his well-groomed staff, his head could extend the war against sloppiness to the pupils. The object of this was the reimposition of the kind of discipline which generally prevailed over schoolchildren—I felt more beneficially than otherwise—a quarter century ago. I doubt whether the scheme could succeed.

Bill and the many other people who have entered teaching over the past dozen years or so were trained and, more importantly, have mostly learned by experience to teach in a relatively relaxed style.

Although the level of noise in their classrooms might in some instances appal some people schooled in the old disciplinarian traditions, the majority of the newer band of teachers have come to apply the less formal style effectively.

To most of the younger teachers, who are professionally incompetent, their dress would merely make no difference to

their control of pupils, unless they felt absurd in it and allowed this to be perceived as weakness by the inevitable potential trouble-makers in the classroom.

The fact that the majority are capable of applying the more sensible approach to discipline does not, of course, deny that there are teachers who cannot do so and who, although they know their subject matter and teach comparatively few in number, are more than enough to hamper the life prospects of thousands of children every year.

But in their case, too, I doubt that measures such as a re-composition of formal types of tests would help. Nor would it be a return to full public acceptance of a teacher's right to hand out a clip round the ear when feeling provoked—while it would generally do more good than harm—would overcome the difficulties of the disorder-prone.

My reason is the memory of a master at my own direct-grant school. No one could have doubted more dignified, behaved more properly, or have known his subject more adequately. In addition, he was big, bed no qualms about using the cane, but was ever ready to slap out accurately with his heavy hand.

None of this worked.

Take, for instance, the morning when as a fourth-former who had not done his homework, I tackled the problem of the subsequent test by sitting quietly in my double desk three-quarters of the way down the classroom, fibbing the answers from a textbook open on my knee.

Naturally, having suffered by that date the experience of trying to teach perhaps 6,000, I

schoolboys, the gentleman o
spotted what I was doing. And
transferring me with a fierce eye
I strode down the room to
wards me. Everyone else looked
at me.
As he swung down on me, I b
sided the hand of my neighbour
on the double desk. One who
Wiseman remove the hidden
pook from my knee, and cleverly
replace it with another which he
and pulled from my satchel be
between our chairs. I felt a bit
believed because whatever the
placement was, I was sure
that it would fail to substantiate
my charge that I had been un
teaching. But I knew that I was
about to be thumped in spite of
that.
"Now we'll all see what
you're doing, my boy," said the
teacher, reaching for the book
of rules and brandishing it. It su
rmed out to be "Songs of
Wiseman." The outbreak of titter
did not please him and he
took the offending volume and
repeated to beat my brains out
with it. Since it would have been
just that, that close to the inci
dent should have been enough
for anybody . . . but not where
is particular teacher was con
fused.
"Please sir, don't punish this
boy," piped up Alan Wiseman.
He wasn't cheating, sir. He
was praying."
The blow that straightway
knocked Alan from his
chair certainly hurt for a
moment, as did the one that fell
on me immediately afterwards.
At neither of them did I deter
myself. The pain was by far
outweighed by the fun of fooling
out, and the delighted
laughter of the other idiots. And
it was no doubt true of every
one of the hobbledeohy age
from the start to the end

that learned and upright man's career probably subjected him to the same kind of humiliation.

And yet there were rooms just down the corridor inhibited by men and women less enthusiastic about their teaching, and stern in their demeanor, who never had a whisper of mischief from morning to night. In contrast to their victimised colleague, too, several of them had funny and ostentatiously mimicable mannerisms.

But somehow these did not enervate themselves as weaklings of the sort which, once established by a teacher, would guarantee him more mercy than a cagel of Bengal tigers can from a class of young gentlemen. The only general difference I can think of is that the successful teachers' oddities, whatever they were, were perceived as being consistent with their real personalities, whereas the style adopted by the victims is not.

This suggests that the behaviour of good and bad classroom controllers might be better studied, and the lessons learned on. At the same time, however, it reinforces my belief that no practical benefit would come of an imposition of a far less uniform style of—as distinct from framework for—teaching.

Effective education boils down, not to a set of precepts which can be universally applied, but to a productive relationship between particular teachers and their classes. While the guidance and appropriate rewards can do much to help, it is that essential relationship which must ultimately be defined to the individual teacher.

MICHAEL DIXON

MICRO-CLIMATE IS a term that

spectacular of the lot is the Chilean potato tree, *Solanum crispum*. "Potato" would really be a more appropriate name for there is nothing to eat about its long, flexible stems which grow fast and can be readily trained to wires, trellis or anything else that is convenient. There is a magnificent specimen on a sunny wall at Sissinghurst Castle which is smothered in its lilac-purple, potato-like flowers every June with many more to follow later in the summer. I think this must be the Glasnevin variety which was selected for its repeat flowering and received an Award of Garden Merit in 1969.

Then there is *Solanum jasminoides*, *album*, an altogether different plant, a true climber rather than a sprawling shrub, with long, slender stems and clusters of stately white flowers rather than those of jasmine but without the scent. It has been at its peak these last few weeks but is in flower continuously from about mid-November to late October or even November if the weather permits. It comes from Brazil and has a reputation for being more tender than *S. crispum* though I cannot say that I have noticed much difference. I prefer this white variety to the common species which has rather dull grey-blue flowers and it is the form which is easiest to purchase.

One of my successes this year has been the New Zealand parrot's bill or lobster claw, *Clanthus puceus*, which has grown prodigiously on a south-facing garden shed. Previously I had failed with it in several places where it was promptly striped of all its leaves, apparently by slugs though I never

in this new site it has been left unmolested and is beautiful in foliage quite apart from its species. The scarlet flowers, the odd shades of which has suggested the two popular names. There is also a pure white variety which I must get as the two look marvellous mingled together.

Near to It *Trachelium album* is now flowering. It is a relative of the common *astarium* which it closely resembles in leaf but it is a true perennial, killed to ground every each autumn by the first sharp frost but reappearing in spring from tubers well protected by several inches of soil. The flowers are nothing like so snowy as those of the annual *astarium*, long spurred like them but lacking the widely flared petals. However, they are up in grace what they lack in size and my only regret that they start to appear late in the season when frost must be close at hand to destroy them. *T. trichlorum* behaves in exactly the opposite way, flowering early and then dying away. It is a more striking plant with smaller but far more numerous crinoid and black flowers. I have grown it for many years in an unheated greenhouse, said to risk it outdoors, but earlier this year I saw it flowering splendidly at Wessinghurst Castle near the foot of Solanum crispum so I am encouraged to chance it outside in a similarly favourable micro-climate.

Then there are the richly coloured star jasmynes, *Trachelium jasmynoides* and *T. asiaticum* which are so much alike that there is no need to name both. These are ever-

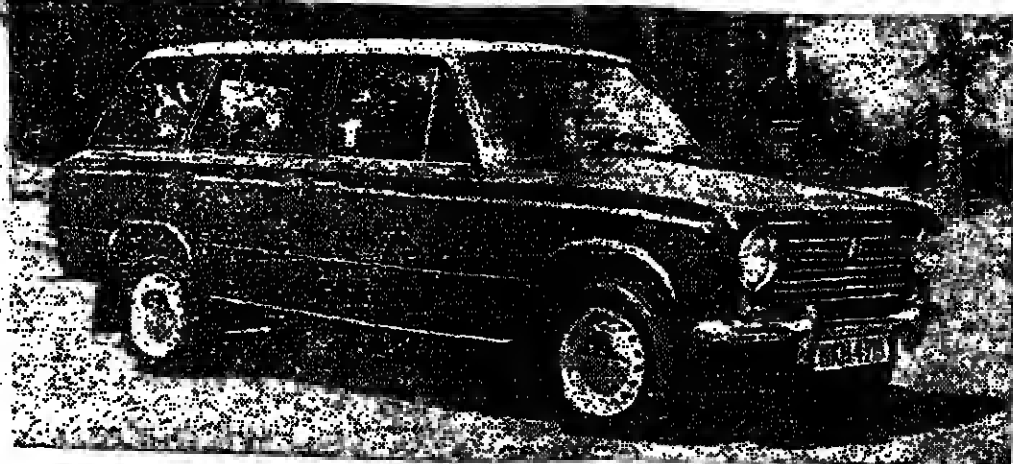
packed leaves which tend to hide the clusters of small, white, jasmine-like flowers. However, they are immediately made aware of their presence by their sweet perfume which is cast freely on the air end can fill a patio or courtyard. *T. asiaticum* as the reputation of being the harder but again I have not been aware of much difference. Maybe it depends where the original stock came from since it grows wild in both Japan and Korea and one would expect Korean forms to be fully hardy.

Common jasmine, though often singled by frost as its flowers unfold in spring, does not really require a wall as it is perfectly content scrambling over a fence or open work screen. The Chinese *Jasminum polyanthum* is a good deal more tender and is so much more effective in display and perfume that it is worth trying in the sunniest, most sheltered place available. But do not give it rich soil as it is a naturally vigorous plant which will merely take over the whole garden. If given too much encouragement. The white flowers continue from May to October. More manageable and totally different is the primrose jasmine which most nurseries sell sensibly call *Jasminum primulinum* though botanists now say it should be *J. mesnyi*. This looks like an extra fine winter jasmine (*J. nudiflorum*) with larger, semi-double buttercup yellow flowers in spring. It grows wild in China, further south than the winter jasmine and so is less hardy and in need of a good micro-climate except in the warmest coastal regions of the British Isles.

ARTHUR HÉLLYER

MICHAEL DIXON

Motoring



EXT TO A really efficient after, a heated rear window set seem to be the most vital piece of equipment for a car intended to be driven in a Siberian winter.

Ladas have the kind of interior heater that one can almost toast on but electric heaters in the rear window to clear of ice and snow are unknown to the Russian industry until Satra Motors, an import Lada into Britain, nanded them.

The Russians also had a her casual attitude toward the sound damping material a car, too, until Satra had a at them. "But, comrade, a has an engine, and engines help making noise... the attitude Satra had to that. The latest Lada to ch Britain indicate that they e made quite a lot of pro-

has to be said that the first sian cars to be imported into ain in the early 1960s were ity awful. The Moskvich was, umsy carthorse, of oxidated en, with poor brakes, bad holding and worse steering, n when new, it used to sound ear to me like an early-war Morris Oxford with the meter going round for the nd hundred thousand miles, ough the Moskvich sur- s, rebuffed and, hopefull, roved mechanically, it is er-imported in Britain. The at took its place is the 124. This tougher and dly rougher development at's classic small/medium ly car has sold well here ntly. Satra Motors reckon registrations will probably 13,000 and they are budget- for 17,000 next year.

e main incentive to buy a —and this applies to the Eastern Bloc imports such e Skoda and Polski-Fiat- ice. By any standards, the

Siberian sample

BY STUART MARSHALL

Lada is very cheap indeed, costing from £1,755 for the basic 1200 saloon to £2,389 for the 1500 ES (extra specification) estate car. The six car range consists of a 1200 saloon, 1200 estate and 1500 saloon in basic, rubber-mats-on-the-floor trim, plus three models just introduced for 1978. These are a 1300ES saloon, 1500 estate and 1500ES estate. The ES denotes the incorporation of such capitalist trappings as fitted carpets, reclining front seats, laminated windscreen, inertie reel seat belts and —I nearly forgot—that heated rear window. The 1500ES estate has a rear window wash/wipe kit, too.

The ordinary 1500 estate has basic trim. Satra think it will appeal to people who intend to use it as a workhorse, who want the 1.5 litre engine's extra power but prefer the kind of interior that won't be mucked up by bags, of cement or by fellows climbing in and out of it wearing muddy wellingtons.

Even now, the Fiat 124 carries its years lightly. Its square rigged styling is somehow above fashion and it does provide a lot of room inside. This is especially noticeable in the estate, which is reasonable enough, because no-one has yet discovered a better shape than a box for putting lots of things into.

Satra invited me to sample the 1978 cars in Ireland last month which was basically a good idea, because the roads are rough and largely traffic-free—ideal Lada country, really.

Alas, the air traffic control assistants disrupted the travel arrangements and the Irish customs unkindly seized the two transporters carrying all the cars. It was almost the ultimate disaster for a motor industry PR man—a new car test with no cars.

But only almost. A 1500ES estate that had been shipped over individually fell into my hands and with two colleagues, I set off from Shannon for deepest Kerry. The Lada fairly flew over the single track roads that meander through this lovely, incredibly remote countryside, the suspension just touching bottom over the biggest hump, but feeling very strong and all of one piece. The 1500 engine, a Russian design with a single overhead camshaft, runs on three star and feels quite unobtrusive. It will show nearly 70 mph in third and Satra claims a top speed of close to 100 mph.

The seats are firmly comfortable, have adequate adjustment and the cloth trim is much nicer than the sticky plastic once offered without the option in Eastern Bloc cars. (It must be Satra's benevolent influence again.)

The gearshift is quick and the synchromesh effective. The servo-assisted disc/drum brakes are adequately powerful and the instrumentation well laid out. Detail work is much improved compared with earlier fully applied and the switches look as though they belong and have not been tacked on as an afterthought.

But the steering remains a let down, as it does in all the Eastern Bloc cars I have tried. Even allowing for the fact that it is not by rack and pinion, it should not be so stiff toward full lock, nor so vague around the middle. The engineer who sort out this last major snag with the Lada ought to be made a Hero of the Soviet Union.

Golf

THE HEADY smell of battle is in the autumn air here to-night at the half-way stage of the 8-man Lancome tournament at St Nom la Breche Golf Club. Britain's preciously talented 20-year-old Nick Faldo was three strokes clear overnight on 67. But to-day, in the unbroken sunshine, windless and beautifully warm the Spanish 20-year-old who is at present the number one golfer in Europe, Sevy Ballesteros, reacted to the glorious conditions with a course record round of 64 after his disappointing first effort as defending champion of 74 to get into second position only two shots behind the British rival whose destruction means so much to him.

So at the half-way stage Faldo has had rounds of 67 and 69 for an 8-under-par total of 136 against the 74 and 64 of Ballesteros for a 6 under par total of 138.

The Colgate World match play champion, Australian Graham Marsh is lurking handily with rounds of 70 and 69 under his belt for a five under par total of 139 to be alone in third place, while in fourth comes the leading American, 47-year-old veteran, Gene Littler, who has played with his usual quiet and

Young lions and old hands

BY BEN WRIGHT

calm efficiency for rounds of 71 to-day, as well he might have and 70 for a three under par total of 141. The lone Frenchman, who played alongside Faldo to-day, Jean Gariolde, has had two rounds of 71 for a total of 142. But his round to-day was a great disappointment after an outward half of 33, had brought him at one stage within three strokes of the youthful Briton alongside him.

Gary Player (74, 70—144), American George Burns (73, 72—145) and the great 48-year-old American Arnold Palmer (75, 73—147) are making up the number at present although a much can happen on the pleasant parkland course over the last 36 holes.

Palmer played with Ballesteros and this was in itself a piquant situation since both are renowned only for their unfailing aggression although—sed to say—Palmer is now only a shadow of his former self. He is gracious, however, almost to a fault, and he was mightily impressed by the young Spaniard

to-day, as well he might have and 70 for a three under par total of 141. The lone Frenchman, who played alongside Faldo to-day, Jean Gariolde, has had two rounds of 71 for a total of 142. But his round to-day was a great disappointment after an outward half of 33, had brought him at one stage within three strokes of the youthful Briton alongside him.

Ballesteros, indeed, had a magical round that contained only 23 putts. Twice he chipped in from off the green at the first and 10th holes and the quality of his early golf was nothing short of sensational. He birdied six of the first seven holes, and I think it is fair to say, that he got a little excited after this with the prospect of a score in the 50s in view.

The young Spaniard started by chipping in from 20 feet for a birdie, wedged in to 10 feet for another at the second, and played a glorious seven iron shot four feet from the hole at the 180 yards third hole for a

PARIS, Oct. 14.

two. A three wood and nine iron shot seven feet from the 394 yards 4th hole, yielded a fourth birdie, and Ballesteros made nothing of the 476 yards par 5 5th hole with a drive, three wood and chipped to four feet, for his 5th successive birdie. He hit the hole for his birdie at the 504 yards 7th hole. This was torrid stuff in keeping with the weather, and Sevy saved his par at the next with a rip and small putt after pulling his second. The 9th hole—205 yards, long and menaced by water—cost him dear yesterday when his tee shot found the "agua" as he yelled loudly at the time for a five. To-day, in trying to keep away from the water, he pulled his three iron shot wide of the green and for once did not get up and down in two shots, thus being out in 31, five under par with that one blemish on the card.

He immediately wedged into the hole from 50 feet at the

10th, got up and down from sand for his birdie at the 12th, and made a typical Ballesteros birdie at the 14th. Here, he hooked his drive deep into the trees, had a restricted swing with his wedge but still managed somehow to get the ball to the putting surface whereupon he holed out from 20 feet for his 9th birdie.

Faldo lost his momentum with a poor tee shot, at the 11th, that caused him to come up over the trees short of the green from the right of the fairway to drop a stroke, and he, too, missed the 9th green to the left rather than flirt with the water to the right. Unfortunately Faldo found a downhill lie in the sand, and taking no chances played the hole conservatively for a four.

It had been a marvellous day, not the least because Palmer had been there to watch Ballesteros smash the course record he himself created in 1971. This record of 65 was equalled by Player in 1975 and it is indicative of the changing times that the two young lions are currently at the top of the heap and the previous record holders firmly anchored at present close to the bottom. No further comment on the sad passing of the youth.

Stamps

THE PUBLICATION yesterday of Stanley Gibbons' fifth edition of their Great Britain Specialised Stamp Catalogue, Volume I, covering the reign of Queen Victoria sets the seal on what has been a remarkable year for the company. In March Howard Fraser succeeded John Webb as Deputy Chairman and Managing Director of Stanley Gibbons International—an appropriate move since it was he who did more than anyone else to put "International" into the firm's title.

Born in Germany, of a British father and German mother, he has spent most of his life in that country, apart from war service with the Commando Highlanders and the Commandos. After the war he returned to the family furniture business but gradually built up a very notable sideline in his stamp company based in Frankfurt became part of the Stanley Gibbons group in 1973. As Stanley Gibbons Merkur GmbH and this in turn brought him a seat on the Gibbons Board.

His experience of running a large company with international ramifications makes

him ideally suited for his present position with Stanley Gibbons. It is heartening to meet someone who positively enjoys being back in this country after having lived so long on the Continent, but doubtless the pertinence of SGI this year has much to do with it. The net group profits before tax for the half year to June 30 were up by a staggering 127.9 per cent on the previous half year on an increased turnover of 57 per cent.

—which explains why Gibbons shares are becoming as eagerly sought after as some of the stamps they deal in.

The day the grouse-shooting season began, Gibbons published the 1978 edition of their "red" catalogue £6.95, covering the stamps of the British Commonwealth, and the Glorious Twelfth took on a new meaning as philatelists gleefully noted that the cheapest used variety of the Penny Black had now been boosted to £35, compared with £25 in the previous edition, and the Two pence Blue now broke through the three-figure barrier. Those fortunate to own a mint Twopenne Blue, however, have fared even better, the cheapest variety now standing

at £2,000, compared with £1,100 in August 1976.

Substantial rises in the classics were to be expected, but the thorough overhaul in prices covers most issues of most countries, benefiting everyone from the erstwhile newcomer to the one-country collector and end the advanced specialist. In addition the opportunity was taken to effect improvements in many of the listings, so that this hefty octogenarian (first published in 1896) is as up-to-date and as indispensable as ever.

When the first "red" Gibbons made its debut, 17-year-old Charles Nissen had been in business in High Holborn for three years and was rapidly making his mark as an expert in British stamps. In 1898 Nissen made the discovery which was to bring him considerable fame, both with philatelists and the general public.

He bought a large quantity of old telegraph forms from a waste paper merchant, most of them franked with the shilling stamps used about 1872. He discovered that the majority of them were on unwatermarked paper and were, in fact, for now and hardly a day has passed

quantities to defraud the Post Office. He informed the authorities and an enquiry was set up, but it was too late for anything to be done about the crime. Nissen went on to become the greatest specialist dealer in British stamps, agent for King George V and, with Stanley Gibbons, the only holder of the Royal Warrant in this field.

His business was continued by his son, Harry Nissen, who expanded the business into Commonwealth and foreign rarities. All health forced him to retire from active trading in the 1960s but much of the famous Nissen stock had, in fact, lain untouched in safe deposit vaults for the better part of half a century. In what is probably the greatest coup since young Edward Stanley Gibbons purchased a kitbag full of Cape Triangulars for a fiver in the 1860s. SGI recently acquired the Nissen stock for £861,000 cash. It would not be unreasonable to suppose that its real value is greatly in excess of that sum. The Gibbons staff have been sifting through envelopes, albums and stock-books for two months now and hardly a day has passed without some major discovery.

One of the choicest pieces to come to light so far is a morn's worth of Twopenne Blues—one of the ten largest multiples of this much sought-after stamp. As singles they would be worth about £2,500 apiece but in value of a multiple tends to rise by geometric rather than arithmetic progression and it would be difficult to hazard a guess as to what such a piece might fetch at auction.

A small portion of the Nissen stock is included in Gibbons' Great Britain sale in London on December 8-9. Millionaire philatelists will have to contain themselves a little longer, but for openers there is a fine unused pair of the Twopenne Blue from Plate 1, while an envelope bearing two singles from Plate 2, cancelled with red Maltese Crosses, is estimated at £500. Highlight of the sale is a series of the Treasury Competition essays of 1839, which reminds me that an innovation in the latest edition of the Specialised Catalogue (ES) is an extensive historical introduction providing background information on the birth of the world's first adhesive postage stamps.

JAMES MACKAY

Chess

ESS for British players at this month is a pointer to limited funds for internal chess can best be yed. Taubert (aged 19), who and Mestel (20) and Speed (20), who shared second ahead of seven internal masters, were helped to by the Slater Foundation y part of the small allocation of British Chess Federation y available for individual aments. They were the youngest in the 32-man event.

value of Berne is that it restricted entry international on the Swiss system (in players with similar scores aired) but giving a chance the leading finishers to y for World Chess Federation (FIDE) title scores. Mestel, Speelman, with 10 norms enely from the Lord Job and the Lloyds Bank invitate clearly good enough to y for titles while Taubert's se second place in the new British Championship suggests that he too is a r in the making.

is the players were right to tournament, and proved their encouraging result. had one unexpected dity in that all the 18s did and were behind the lead-roup, while FIDE regula-require an IM score to be ved against four recognised 50 Mestel, who played the chess and might well have first prize under normal stances, had to avoid so many points lest it im out of pairing range of masters to the later rounds. Fortunately, the Lloyds invitation and Berne are only the only two "inter-ual Swiss" tournaments in ern Europe of their kind ent. The real model to it is the superb Lone Pine in California where the ination of an \$8,000 first

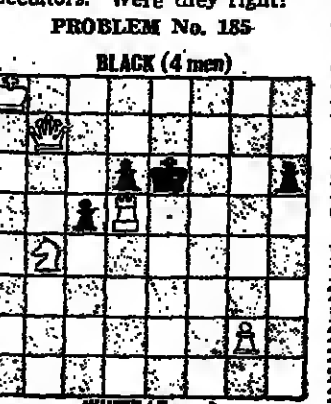
prize, the participation of grand-masters including the top Russians, and an entry of around 50 players, has done wonders for the generation of American juniors who are currently stronger than their Russian and British counterparts.

My own belief is that such semi-internationals are the tournaments of the future: I



THE USSR computer programme Kaisa lost its world title at Toronto to the American Chess 4-5, which went on to perform creditably against human experts in the Aaronson congress at Harrow. This is the decisive position where Kaisa, playing

Black and in check, virtually conceded defeat by 1...R-K1. "A horrible blunder!" said the spectators. Were they right?



White mates in three moves, against any defence (by F. notes. Solutions page 2

Bridge

SOME PLAYERS are uncertain whether to lead the highest or the lowest card, when holding two or three cards to an honour in their partner's suit. Neither play is per se correct. The leader must be guided by the bidding, and decide whether the guards, if any, are likely to be in dummy or in the declarer's hand.

Let us consider this problem by studying two deals, both suit contrasts, which occurred during sessions of rubber Bridge. Here is the first:

N.		E.	
♠974		♠53	
♥AK92		♥AJ10874	
♦AK83		♦QJ10	
♣754		♣86	
W.		S.	
♠K102		♠AQJ86	
♥Q63		♥5	
♦9643		♦75	
♣Q82		♣AKJ103	

Though it is usually right, when holding five spades and five hearts, South thought his hand strong enough to open with one spade. North replied with one trump, which was certainly conservative, and East

came in with two hearts. South now hid three clubs and North, maximum for his first response, jumped to four spades.

If West stolidly leads the three of hearts, the defence can pack their bags, because East has to win the first trick and cannot continue the suit to force the declarer. West, however, was a thinking player and felt that on the bidding North was more likely to have length in hearts, so he led the Queen, retaining the lead when dummy played low.

Forced to ruff the next heart lead, declarer crossed to the diamond Ace and led a trump, a good suit and suggesting a finessing the Queen. If West takes this trick and leads another heart, South can accept the force, cash the spade Ace, and develop clubs. He will make his contract, because when West obtains the lead with the club Queen, he cannot reach his partner's hand.

But West shrewdly ducked, to persuade declarer to use the second diamond entry for an other trump finesse. The trap worked, West took the Knave of spades, and now returned his last heart to force the declarer. The Ace and King of clubs were played in the hope of dropping the Queen, but when West got in, he led a diamond for another force which was fatal.

The next example is perhaps even more striking:

N. ♠J73 ♥10 ♦KJ63 ♣KQJ87

W. ♠92 ♥K7642 ♦1087 ♣1032

E. ♠AQJ983 ♥AQ94 ♠

S. ♠AKQ1085 ♥5 ♦52 ♠A954

With North-South game, South dealt and opened the bidding with one spade, North said two clubs, and East made a jump bid of three hearts, announcing a good suit and suggesting a possible sacrifice. South rebid three spades, and West at this stage passed, which was good the force, cash the spade Ace, and develop clubs. He will make his contract, because when West obtains the lead with the club Queen, he cannot reach his partner's hand.

If West goes by the book, and leads the four of hearts, the rubber is gone. But this West, too, was an imaginative player, and led the King of hearts so that, if he retained the lead, he might be able to make a killing switch. When his King held the trick, he did not need his partner's suit preference signal of the Knave to induce him to switch to a diamond and defeat the contract immediately.

E.P.C. COTTER

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FOUNDERS OF BRITAIN'S UNIT TRUSTS

How to spend it

by Lucia van der Post

Relax, baby

I'M a great fan of the Baby Buggy designs. Readers may remember that Owen McLaren, now 71, started a new firm and a new career at 60, when already retired from a life-time's work in the aeronautical industry. Mr. McLaren's daughter married a director of Pan Am, the American airline, and travelled all over the world with him and their children. Mr. McLaren saw himself just how difficult it was for mothers to cope with the existing push-chairs and so developed the famous Baby Buggy, which not only folded into a size much bigger than an umbrella but, weighing only 6 lbs, was allowed into airline cabins. This design so revolutionised transporting children about that day for every two babies born in Britain, one Baby Buggy is sold. Besides that it is exported all over the world. Last year Andrews McLaren introduced the Pram Buggy — a carrycot and folding transporter, which weighed 14 lbs and did for the pram what its predecessor had done for the pushchair. This year McLaren has produced yet another version — the Lie-Back buggy. Anybody who

has ever seen mothers trailing round shops and streets with visibly wilting babies, falling asleep with their heads lolling from side to side will see at once the advantage of the new Lie-Back Buggy. The frame is very like the frame to the basic Baby Buggy but it has been adapted so that the baby can be kept in an upright position or allowed to lie back and sleep or relax. All the usual safety devices are there — child-proof catches, double locking devices and the like. In addition there is a hood with a see-through panel and an apron to protect the child from the weather. It is also equally portable and very nearly as light as the Baby Buggy — it weighs 7½ lbs. Owen McLaren has developed new tyres made from foam which give as smooth a ride as pneumatic tyres but need no attention. The Lie-Back Buggy will be in most baby departments and shops at the end of October and will sell for about £26.50 (though shop around as prices of the Baby Buggy, for instance, vary by up to about £3.00). The hood and apron are an optional extra at about £11.50.



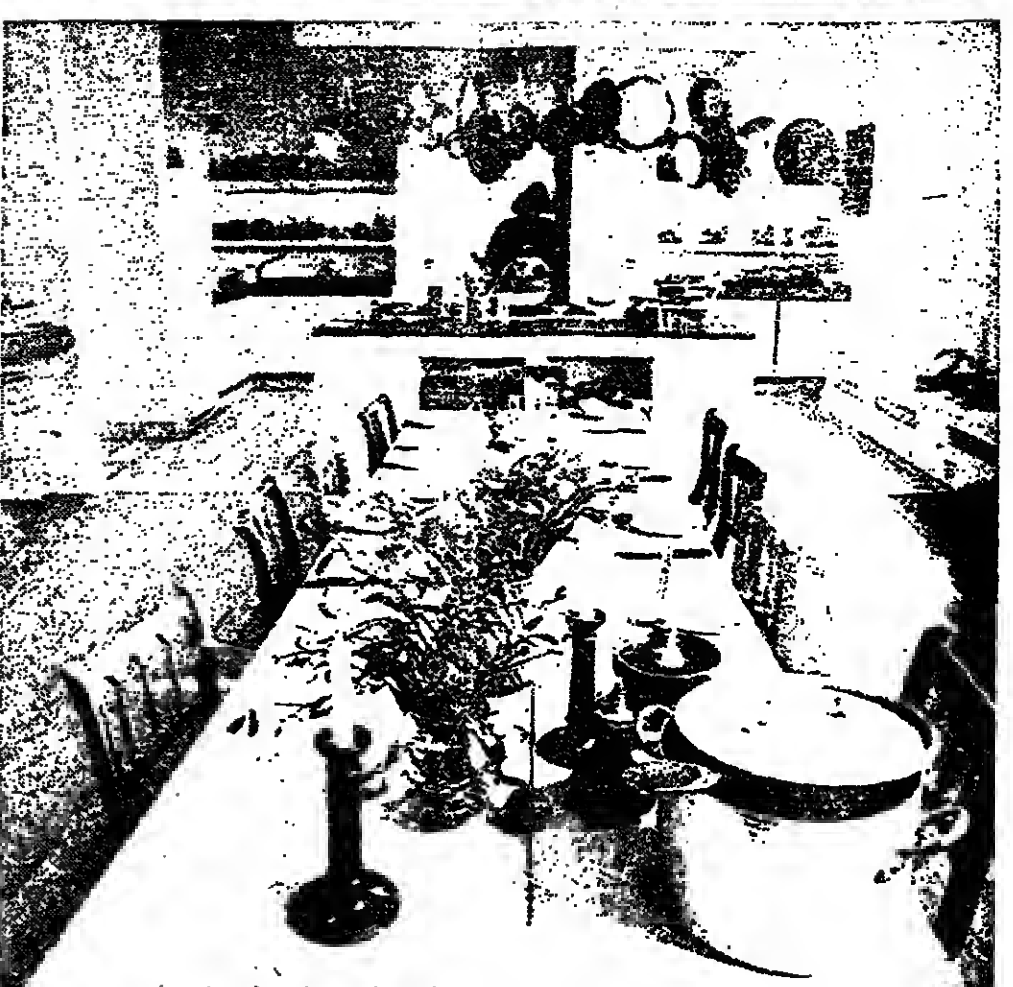
Poppy's pretties

SALLY POPPY is a young designer, new to me, whose beautiful range of exquisitely-made nightwear is a delight both to look at and to feel. She uses only the finest of materials, mainly Swiss embroideries but also satin. As you can see from the drawing, above, she has developed a style of her own, quite distinct from what is currently being done by other designers. She herself describes her style as "the trousseau image rather than the vamp" and there is something rather ladylike and pure-looking about the collection. Sally Poppy went into nightwear virtually on the spur of the moment. She had been in the dress business and one day when she was calling on one of London's most elegant shops they asked her if she knew of any good nightwear manufacturers. She couldn't think of anybody but said "Hold on for a couple of weeks and I will get some things together." She did

and has gone from strength to strength ever since. Her prices are not low. The set featured here is £74 for a nightdress and negligée. It comes in white or ecru, sizes 8 to 16, and is made of 100 per cent. Swiss cotton voile. Details of Kingston-upon-Thames discovered her some time ago and are promoting her in the lingerie department. All the designs, being rather expensive, are available only to order (orders will be fulfilled within a few days) but Bentalls will have photographs of about eight different styles from which to order. They can also deal with postal enquiries. Other things in the Sally Poppy range include jump suits, pyjamas, night-shirts, quilted bed-jackets, dressing-gowns, satin capes and also slippers. You can also see some of her designs at Bradleys of Knightsbridge, Fenwicks of Bond Street, London, W.1. and Honoré of South Andley Street, London, W.1.

Kitchens galore

PLANNING a new kitchen from scratch is quite amazingly difficult. Twice in my life I've been lucky enough to be able to do just that — once in a house we were already living in and we decided to convert the basement into a huge kitchen-cum-dining-room, and secondly, when we moved to a larger house about three years ago now. I used to lie awake at night wondering whether it should be all rustic with a dog-bed in the corner and a rocking-chair to sit in while waiting for the dough to rise. Or should it be the ultimate in urban sophistication, all sleek and gleaming and very, very efficient. The one thing, above all, that I didn't want, was a neat, little shiny box that looked as if it had just come out of a store window. As that is what most of the kitchen manufacturers are selling that is what most people end up having. Character, individuality, the totally one-off idiosyncratic look is what's hardest to achieve. To pursue it needs resource, energy, know-how and running. If that is what you think you want then the very book for you has just been published. It's from the Mitchell Beazley/Terence Conran stable, who with their The House Book, showed us all just what a powerful potion their mixture of ravishing pictures and sensible, practical text could be. The Kitchen Book does for kitchens, what The House Book did for houses. It fires the imagination with page after page of enchanting interiors. It deals, both visually and factually, with every aspect of the kitchen — whether it be planning from scratch, the best surfaces to put on the floor, how to store food and equipment, how to save space, how to store wine and so on.



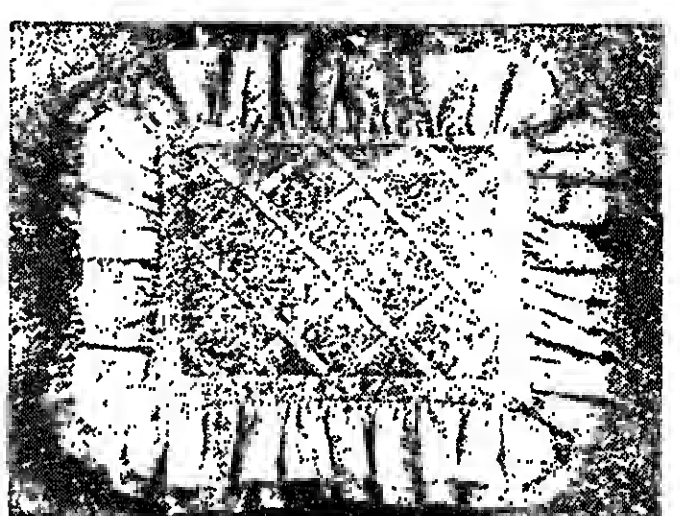
Cool, airy and counterfitted — the Conrans' own kitchen — just one of the many photographs from The Kitchen Book.

Though I'm sure the very resourceful could plan their own kitchen with the aid of this book, this isn't to my mind its main contribution. Personally, I think nothing replaces a good architect but even the best of architects needs to have something to work on. He needs to know the sort of kitchen that would suit you best and here I think the book is invaluable. It shows a kitchen as it is, of course, neglecting the modernist, sterile, and I can think of no better word for the romantic, ter way of sorting out for your kitchen for those short of space, self the kitchen that is most likely to give you pleasure and for the out and out extrovert. suit your house and your way of life. Though the book may seem expensive (it is £12.95), if you add that on to the total cost of book is invaluable. It shows a kitchen as it is, of course, neglecting the modernist, sterile, and I can think of no better word for the romantic, ter way of sorting out for your kitchen for those short of space, self the kitchen that is most likely to give you pleasure and for the out and out extrovert. suit your house and your way of life. Though the book may seem

Luxuries



THE difficulty with so many home-made Christmas presents is that usually the shop-bought ones look so much more professionally made. I know it's the thought that counts and all that, but somehow matchbox covers that fall apart after a few weeks, needle-cases that don't hold enough needles and all the other things I was taught to make as a child can't have given their receivers much pleasure. So the answer is surely to combine the charm of the thought behind the specially hand-made present with an object sufficiently useful and attractive to withstand any comparison with its shop-bought counterpart.



The company who produce Lux beauty soap has specially commissioned four designs, all of which can be made at home by any competent sewer, which combine usefulness and attractiveness in varying degrees. To my mind much the two most successful ideas are the two photographed here — the duffel-like which appeals less to me but I'm sure many other people would love them. The instructions will be sent free by Lux — all you need to do is to send a stamped self-addressed envelope to: Lux Beauty Soap, 114, New Bond Street, London W1Y 9AB. After Lux Beauty Soap write in brackets the name of the design you'd like — cosmetic bag, bath pillow, etc.

Shine on, silver spoon

MOST people have some silver that they were either given as wedding-presents or have inherited which is perhaps too good for every-day use or just surplus to their every-day requirements and so only emerges at parties. Keeping this sort of silver in good condition is extremely important and for those who don't already have

rows of good balze cloths Hagerty have produced a range of variously shaped and sized cloth bags in which to store silver.

The bags are made from very soft cloth which not only prevents the pieces from rubbing against each other (never let your silver just bounce about in cutlery trays where the scratches can cause considerable damage) but also is impregnated with a tarnish preventer which rejoices in the name of ZN-38. These bags come in a variety of sizes designed to fit most silverware, coffee pots, trays, goblets, cutlery, plates, ladies and so on. The cutlery rolls have the tapes and take a dozen pieces. Besides preventing the silver from becoming tarnished the bags also keep out dust, grease and grit.

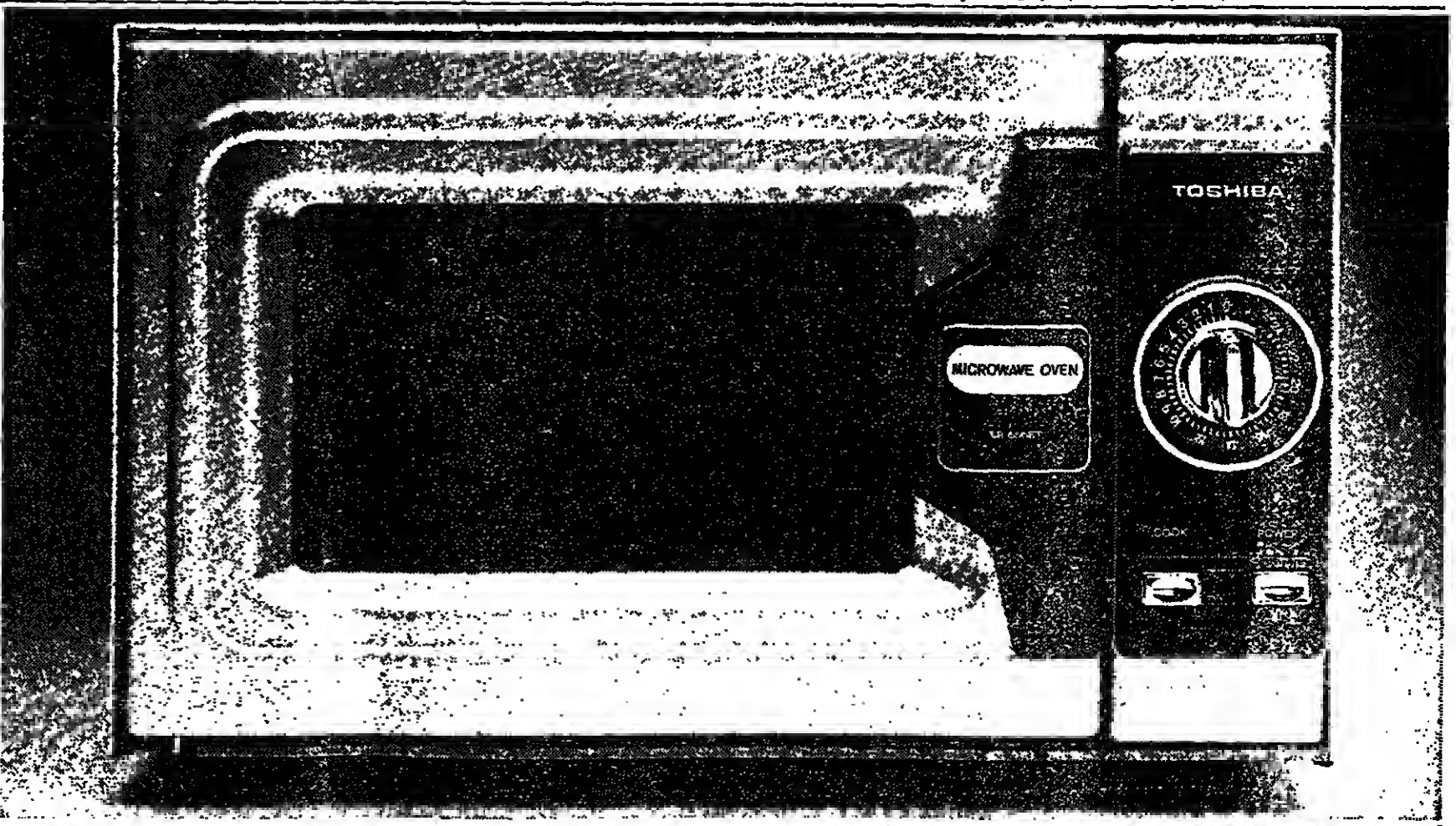
When you wrap the silver up try to make the bags as air-tight as possible — the less air that gets at the piece, the less the tarnishing. Properly wrapped up, silver should need only a slight rub-up after, say, six months.

The bags all come under the Silver Guard label and prices range from £1.30 to £7.50. They are available from fine jewellers, and the silver and jewellery departments of stores like Selfridges, D. H. Evans, and the Collingwood shops. If you can't find a stockist near you ring Hagerty on 01-482 8871 or write to them at Hagerty U.K., Prescott House, Hummer Road, London, N.W.2.

Another idea from Hagerty for helping to care for your silver is that between now and Christmas if you buy a large Hagerty Silver Polish they will give you a brush for silver (which normally sells for about £1.50). The brush is of fine horsehair and is used for cleaning the difficult crevices and corners in more ornate pieces. The brush is much gentler than all but the most pristine of cloths.

A snip

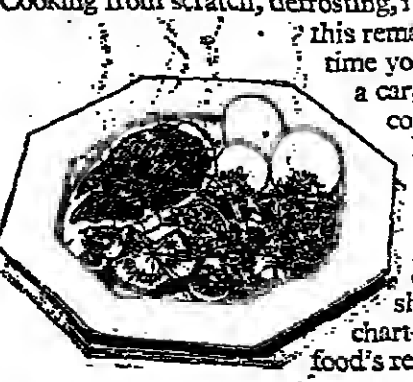
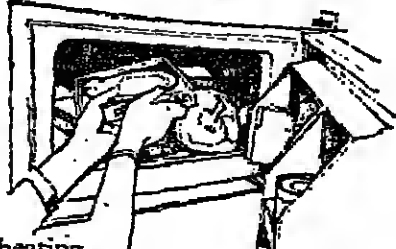
If you would like to make up the Lux products shown elsewhere on the page or are redecorating at home you should rush along to-day to the last day of Designers' Guild current sale. Slightly imperfect tiny prints, very pretty, very fashionable, are selling at between £1.00 and £2.50 a metre, matching wallpaper are going at £1.00 a roll. Their address is 277, King's Road, London, S.W.2.



The Unfreezer

If you've got food in the freezer, you can have it hot on the table in minutes. Any time. Day or night.

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Cooking from scratch, defrosting, reheating — this remarkable oven cuts to a minimum the time you spend preparing meals. Yet unlike a car, its high speed means low fuel consumption. The Unfreezer runs on less than two penniesworth of electricity per hour. So simple...! Just place the food on its serving dish in the oven. Dial the time shown on our easy-to-follow cooking chart — and press the button. In minutes, food's ready to eat without mess, smell, fuss.

Super flavour...! Speed enhances the quality of your cooking as well as its economy. The Unfreezer brings out the flavour, goodness, colour. Ham and fish actually taste better. Green veg stays deliciously green! Save it with the Unfreezer — costs less than 2p per hour! Toshiba Unfreezer uses less power than a single-bar electric fire. And it uses it only in short bursts: no warm-up time required. Cuts your bills, speeds up your cooking and still costs only £199 incl. VAT. Credit available. Parts guaranteed 24 months, labour 12 months. Toshiba stockists and service agents throughout the UK. Send for list today.

To: Mrs. Sally Broad, Toshiba (UK) Ltd, FREEPOST, LONDON NW5 1YA. (no postage stamp required) Please send me further information. Name _____ Address _____ Tel. No. _____

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OVERSEAS NEWS

Namibia mixed marriages allowed

By Quentin Peel

JOHANNESBURG, Oct. 14. SOUTH AFRICA'S notorious Immorality and Mixed Marriages Acts, which prohibit marriage and sexual relations between members of different races, were today repealed in the neighbouring territory of Namibia (South-West Africa).

The move by Judge Marthinus Steyn, the newly-appointed Administrator General for the territory, was the most notable step towards his declared aim of abolishing racially discriminatory legislation, as a prelude to free elections and independence.

The Acts imposed penalties of imprisonment, but they had not been enforced for the past year in line with resolutions passed by the South African-sponsored "turnhalle" constitutional conference, seeking their abolition.

Even the National Party wing in the territory, sister of the ruling South African party, decided at its latest congress that the laws were unnecessary.

Meanwhile it seemed likely to say that the ethnic groups at the turnhalle conference would agree to form an electoral alliance to oppose the South-West Africa Peoples Organisation, in any forthcoming elections, but would themselves include the National Party. Instead the black and coloured representatives would team up with Mr. Irk Mudge, their chairman.

Separatism issue to confront Queen on tour of Canada

OTTAWA, Oct. 14. THE QUEEN arrives in neighbouring Quebec for the meeting with the provincial premiers at Canadian Prime Minister Pierre Trudeau's summer residence.

Officials have said that security during that trip will be tight. In 1964 anti-monarchists jeered the Queen during a visit away from Canada.

On the other hand, the shyness of the Queen's Canadian tour, compared with her extended Jubilee trips to Australia and New Zealand, plus the fact that it is almost wholly confined to Ottawa, has prompted grumblings among pro-monarchists in the rest of Canada.

They feel that Mr. Trudeau has tried to play down the Royal visit for fear of stirring up anti-monarchist sentiment in Quebec.

In Ottawa there are few visible signs of preparations for her arrival. But the Queen, who will be accompanied by the Duke of Edinburgh, will herself be highly visible to the public during a schedule involving at least 12 hours of official functions on most of the days she is here.

Sensitivity over relations between the English and French-speaking communities in Canada was demonstrated in the past week over special Silver Jubilee badges issued to security guards at parliament in Ottawa.

Nancy Dunne examines the diminishing impact of the feminist movement in the U.S. Equal rights fails to move the majority

WHILE WOMEN'S LIB was making its imprint on America, five years ago, the passage of a proposed Equal Rights Amendment to the U.S. Constitution seemed all but inevitable. Now that the amendment would have evaded, apathy, and some opposition have changed the outlook.

The ERA had been kicking around Capitol Hill since its first introduction 50 years before. In 1972 it tipped through the house by a 354-24 vote and passed the Senate with only eight Senators in opposition.

A constitutional amendment must be ratified by three quarters or 38 of the 50 States once Congress has approved it. Congress also lays out a timetable for approval. The ERA must be ratified by March 22 1979. The amendment, itself, simply states what hardly by now seems to need stating: "Equality of rights under the law shall not be denied or abridged by the U.S. or any State on account of sex."

A few hours after its approval by Congress, the Hawaii State legislature which had set up a telephone hook-up to Capitol Hill in order to be the first to ratify, approved the amendment. By 1974, 34 states had followed suit.

Since that time, progress has been very slow. Only Indiana has joined the list of states to approve the ERA: several states have rejected it, and two have even attempted to rescind their approval given in their State Legislatures. Feminists are afraid that the three additional states needed to give approval will not be obtained by deadline. Various "pro-family" groups resolve that the women of this

country shall no longer be subject to second class citizenship. Many opponents feel that the threat to conservatism and the loss of many safeguards specifically granted by law to women outweighs the possible benefits of equal legal status. Led by a conservative news commentator, Mrs. Phyllis Schlafly, more and more housewives are emerging from the kitchen, not to bury their bras, but to protest against abortion, obscenity, "gay" rights and the ERA. In Illinois, where the amendment was defeated this year, they invaded the State Capitol and asked legislators to halt the ERA. In Missouri one ambitious housewife baked 400 cakes for an easier sale to raise funds for anti-amendment candidates in the next State elections.

The recent successes of opponents of the amendment are due, in large measure, to their ability to focus on issues which increase the fears of many Americans that the stability of middle-class families is deteriorating—the ever rising divorce rate, the drug habit, homosexuality, and so-called "alternative life styles."

"The ERA movement contains a strong lesbian influence," according to Mrs. Elaine Mendenhall, a St. Louis housewife and a leading opponent of the amendment. Mrs. Schlafly, a founder of two national women's organisations opposing ERA, claims that it would lead to all manner of ills: that it would mean an invasion of women's privacy from bathrooms to school dormitories, would "constitutionalise" abortion, legalise homosexual "mar-

riages", would mean a loss of child support payments; force churches to accept women into the ministry; and would force women to work outside the home.

Although the amendment could make women eligible for conscription should conscription be reinstated, her other assertions are in all likelihood unfounded. Ironically, the ERA could be defeated by the real gains the women's movement has achieved in the past 15 years. More and more women are entering professions, receiving doctorates, setting higher executive positions, entering new fields. They are working in construction, operating petrol pumps, entering military schools. In 1962 employers were prohibited from paying employees of one sex more than

But women still are heavily concentrated in the lower-paid occupations. In 1975, the average income of full-time working men was \$14,029 compared with \$7,330 for women. Of the 5.1m. women in the labour force the year before, most were working from financial necessity. (An estimated 23 per cent. were single, 19 per cent. widowed, divorced or separated and 29 per cent. had husbands earning less than \$10,000 a year.)

As long as ERA supporters cannot claim that the amendment will equalise incomes, they will have difficulties bringing home the need for it. Women are still heavily concentrated in low income occupations.

The ERA has the support of more than 150 national organisations which are planning strategies for supporting amendment candidates in next year's election to State Legislatures. But unless they can do more to prove the need for the ERA, March 1979 may pass without the women's rights victory which seemed so certain five years ago.

employees of the other for the same work—a not uncommon practice at that time. Under the Civil Rights Act of 1964 and an executive order, employers in Government and industry were forbidden to discriminate against women in employment.

J.S. attacked on S. Africa

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

WARNING that U.S. policies towards southern Africa could lead to a "new South Africa" which would be a "white apartheid state", Mr. Harry Oppenheimer, chairman of the Anglo-American Corporation of South Africa, was speaking to the U.S. Foreign Policy Association with Mr. Andrew Young, U.S. Ambassador to the UN in the chair, said that the majority of white South Africans U.S. policy "begins to be based neither on a defence of human rights nor on a policy of supporting blacks against whites and armed blacks against South African experts might be able to change in South Africa, but the constitutional changes would only be possible if required should be hammered out at a national convention at which they would be threatened, should they be rejected," Mr. Oppenheimer said.

Swaziland students demonstrate

JOHANNESBURG, Oct. 14. LICE USED targets in the Swaziland capital of Mbabane to break up groups of students demonstrating in support of their teachers, who are dispute with the Government over pay and union representation.

In nearby Manzini, a crowd of about 100 pupils smashed windows of the dental surgery belonging to Dr. Pym Dhlamini, the Minister of Education.

Heavy rain was credited with preventing any repetition of yesterday's events, when hundreds of students went on the rampage through Mbabane, burning cars and looting stalls in the market-place. Ten students were reportedly arrested, and three killed to hospital.

King Sobhuza, the Swazi ruler, summoned the nation to royal residence to-morrow to discuss the unrest. The teachers' strike has been banned.

Although reports in South Africa have suggested that (Zulu) student exiles from Swaziland are behind the unrest, local observers discount such suggestions.

S. African chief to go for autonomy

By Martin Dickson

THE CHIEF minister of South Africa's Bophuthatswana homeland admitted yesterday that he still disagreed with Pretoria over the important issue of citizenship rights after the homeland becomes independent in December.

Chief Lucas Mangope, speaking in London, where he is trying to drum up investment for the homeland said that he did not accept the South African position on citizenship for his people. But he was going for independence because his parliamentary followers had suggested doing so as long as the rights of Tswanas in South Africa were adequately protected.

The question of citizenship has been one of the main points of contention in his negotiations with Pretoria for independence and in the past the chief has said that the problem must be satisfactorily solved before independence. The issue centres on the estimated 2m. Tswanas living outside the homeland in white South Africa. Chief Mangope argues that these people should be allowed to retain South African citizenship rather than becoming citizens of Bophuthatswana.

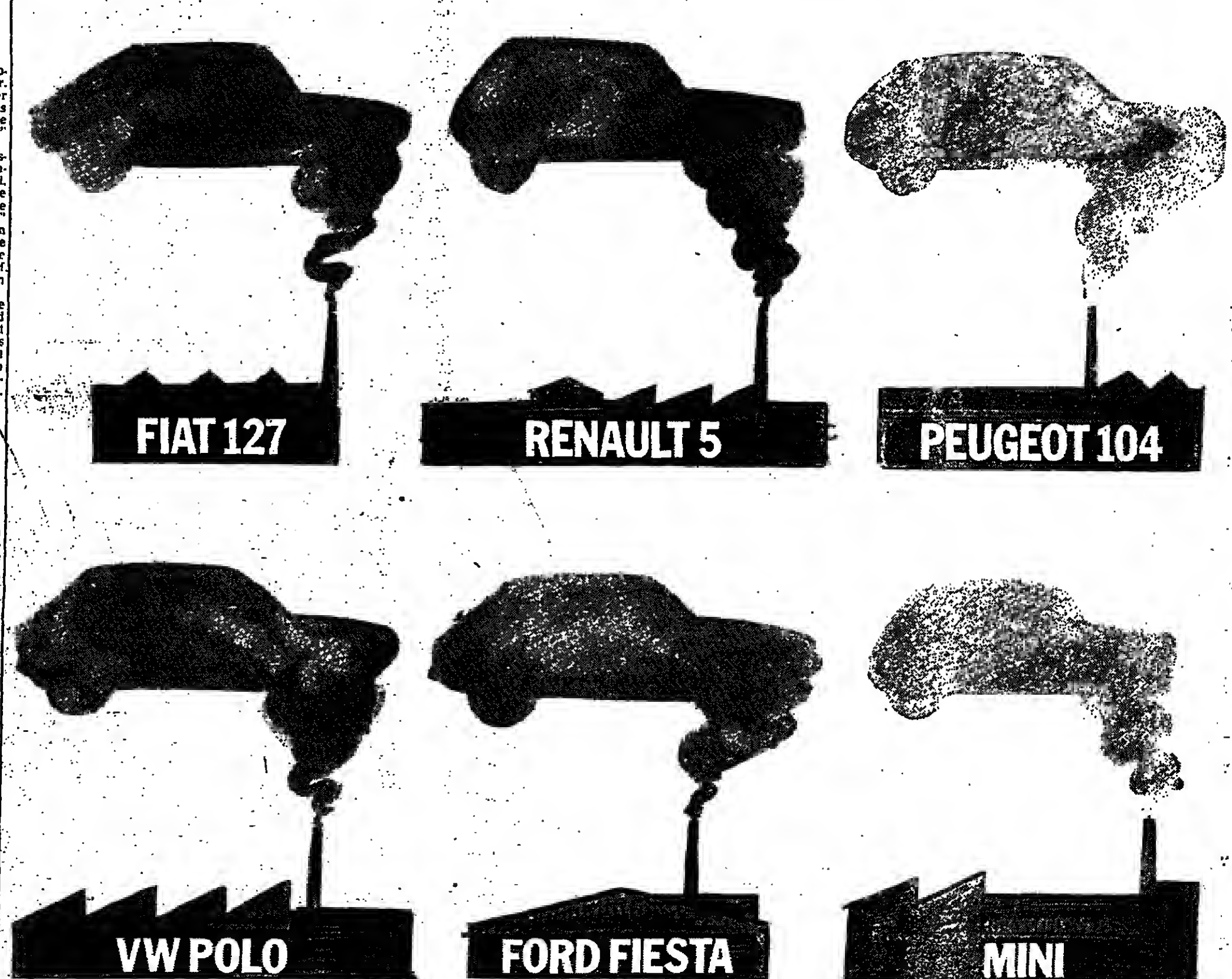
N. Yemen leader's killers escaped without detection

CAIRO, Oct. 14. IE ASSASSINS of President al-Hamdi and the rebel al-Northi al-Hamdi, who killed last Friday, disguised themselves as Ashid and Bakil tribes, came women wearing traditional head in July this year, developing black veils, according to a brief but violent insurrection to set up a strict Muslim "monarchist" regime. The attempt to topple the nascent regime.

Observers believe that the newspaper said that three of three men were able to evade a body search in this use of the President's brother, a San'a reserve headquarters at the home of the commander of the Sixth Armoured Brigade, President al-Hamdi was killed the home of his brother, al-Northi al-Hamdi, commander of San'a's crack brigade, "black troops". At the same time, Major Ali Yaman, commander of the presidency-controlled reserve forces, was assassinated, though the third man killed the brother of al-Northi al-Hamdi, commander of the Sixth Armoured Brigade, by mistake.

The newspaper, referring to the succession of Mr. Ahmed al-Hamdi, chairman of the Yemeni Command, also said that all the assassins succeeded in escaping undetected.

The assassination of the south-western neighbour very disturbed year for the use of the Yemeni Command, a struggle for power between the Yemeni Command and the Yemeni Command.



Have Europe's car-makers let their imaginations run away with them?

The Observer Colour Magazine finds there are differences beneath the "identical" shells of the Superminis. With Motorfair in the air, The Observer Colour Magazine will be devoting much of its space this Sunday and next to motoring topics.

We set off by weighing up the differences between the 6 Superminis, the most competitive sector of the European car market. We give our verdict on the new Sunbeam, the car that can make or break Chrysler in Britain. And we chart the minefield of the second-hand car market.

Then for the more luxury minded, The Observer test drives three 2.3 litre newcomers from Ford, Mercedes and British Leyland. We round the final bend with the custom-car craze that is terrorising elderly inhabitants of London SW3 - "The Chelsea Cruise".

THE OBSERVER looks ahead of the times



HOME NEWS

More money for home loans

BY ADRIENNE GLEESON

THERE WAS a sharp increase in the amount of money flowing into the building society movement in September, according to figures from the Building Societies Association. Against net receipts of £292m in August, the inflow in September amounted to £422m, ahead of some £103m in interest credited to investors' accounts. In consequence, the societies were able to promise a record £706m to house buyers during the month.

To some extent, the sharp improvement in the flow of funds into the societies reflects

seasonal factors, since there is normally an improvement in the autumn. However, the societies have also benefited from the very competitive rates which they have offered to investors. At the moment, share accounts offer just over 10 per cent, just paid, although a one point rate cut announced two weeks ago is due to be implemented at the beginning of November.

One society, Abbey National, has decided to stand out against the rate cut on behalf of its depositors. Increased efficiency and some windfall capital gains on its holdings of

gilt-edged stock have, Abbey National says, enabled it to make do with reduced margins in respect of the money lent on from existing deposits.

This decision to move out of line was extensively discussed at yesterday's meeting of the association, but it does not seem to have provoked any general revolt.

Mr. Norman Griggs, secretary general of the association, said last night that members were being advised to cut their rates on the lines recommended two weeks ago. He also said that it was, in

the context of the cut in Minimum Lending Rate and in the clearing bank base rates, a strange time for a society to be concentrating on keeping rates up.

He thought it unlikely, however, that the Building Societies Association would be considering another cut in the mortgage rate, at least until the New Year.

The societies would want to see whether the inflow of funds could be maintained, and to judge what was the trend of interest rates in general, before they decided on another move. Last month's increase in

lending to home buyers—£641m, was lent during the month, and another £706m, was promised to mortgage applicants—suggests, Mr. Griggs said, that the total amount made available for house purchase during the year is likely to top £7,000m. In 1976, the amount lent was £6,114m.

The total inflow into the societies in September amounted to £1,304m, while withdrawals were £582m. Existing borrowers paid £222m, and their mortgage debts during the month, and this money also became available to new borrowers.

Oxygen strike lay-offs grow

By Lynton McLain

THE UNOFFICIAL strike by 3,000 hourly-paid manual workers at British Oxygen Company's gas distribution depots has led to more lay-offs in industry.

At Corning, the U.S.-owned glass manufacturer, 400 workers have been laid off. The company said yesterday that two of the seven production furnaces at its Sunderland factory were now shut down. This was an attempt to conserve stocks of oxygen.

"We have had no oxygen deliveries for more than a week, and if the strike continues, there will have to be more men laid off," the company added. The Sunderland factory employs 3,000 people.

Mercantile Drydock, Jarrow, ran out of industrial gases yesterday. Swan Hunter Shiprepairers, North Shields, has used its stocks, and has gone onto emergency supplies.

Other shipyards on the Tyne may run out by the middle of next week unless the strike is resolved. Phillips Industries, which has two factories affected, announced there had been no change to the decision to lay off 250 men.

The British Steel Corporation said last night that steel tube production at Corby was now normal after a temporary reduction.

But the basic oxygen steel-making plant at the site, which accounts for 90 per cent of steel production, was still shut down.

To meet demand, British Steel is working the Corby electric arc furnaces at high capacity. These are less reliant on oxygen and normally account for 10 per cent of Corby steel output.

The only other plant affected at Corby were the blast furnaces. These were now on reduced iron production.

The strike was having no effect on steel tube deliveries to customers and stocks had been brought up to acceptable levels after deliveries from elsewhere in the corporation.

Since the strike began on Monday, Corby has lost 10,000 tonnes of steel production.

At the Orb works, Newport, the high temperature annealing lines and the decarburising lines are shut down.

Sharp rise in prices of key raw materials

BY DAVID FREUD, INDUSTRIAL STAFF

FIGURES released yesterday by the Institute of Purchasing and Supply show a sharp rise in key raw material prices last month in complete contrast to the Price Commission's prediction last week of a further reduction in the inflation rate.

In line with the institute's warning a month ago, it calculates there was an average rise of 2.2 percentage points to 8.9 per cent in the price sought by British industry's key suppliers of materials and bought in competition. This is the first rise in the institute's procurement price monitor since May, though the institute professes "less anxiety" about October.

The Price Commission's September index, however, indicated a further fall in the underlying rate of inflation. Over the past six months to September the index was provisionally estimated to have risen at an annual rate of 7.8 per cent, compared with 21 per cent in August.

Mr. Groundwater said it would be impossible to tell whether the September figures represented a firm upwards trend until the results for October were available. Initial impressions were favourable.

Check on glass price plea

BY DAVID FREUD

THE PRICE Commission is to investigate proposed increases in glass prices, after the Glass subsidiary, UG Glass Containers, asked for a check on its prices.

UG accounts for about one-third of the total glass container market, and its price increase was estimated at 5.3m, in 50 weeks to 1976, compared with 5.9m for the whole of the previous year.

United Glass is owned jointly by the Distillers Company and Owens Illinois of the U.S. The company has notified the commission four weeks ago that it intended to increase the price of all its glass containers.

Sangster pays Europe's record

BY DOMINIC WIGAN

Several of the world's leading racehorse owners ensured that European bloodstock sales history was made at Newmarket yesterday when they forced Mr. Robert Sangster, head of Vauxhall, to pay £50,000 for a yearling.

Almost as soon as the "Tribune" auctioneer had asked for an immediately received—on opening bid of 40,000 gns. for lot 423, a Liphard yearling in front of a packed and hushed audience, the bidding began in earnest.

As expected Mr. Sangster, who owns the classic winners the Minstrel and Alleged, was involved right from the outset, and at one point it appeared that he might give the yearling, a son of the brilliant U.S. race mare, List's full sister, Chain, for around 150,000 gns. as top trainers Peter Welwyn and

Henry Cecil were knocked out at around that figure. However, James Wigan, acting on behalf of a client of his, "saw" Sangster's commission, and quickly became apparent that he was prepared to go well past the previous European record set on Thursday of 182,000 gns.

However, after bidding 200,000 gns. he was reluctantly shooed by his head of the sale, a powerfully-made though not particularly handsome boy, seemed to be Sangster's.

To everyone's surprise, Ian Balding was then prepared to go beyond that mark—almost certainly on behalf of Mr. Paul Mellon, to it was he who finally had to give way to Mr. Sangster's unbreakable resolve. Winners take all, Page 3

Bank raid court halts at claimants' request

THE £800,000 High Court action brought against Lloyds Bank by victims of one of the country's biggest bank raids was adjourned yesterday.

The adjournment came at the start of the fifth day of the hearing in which 96 individuals and groups of people sued the bank arisen from the matter to be "adjudged generally".

The judge agreed to thin the deposit boxes at the bank's Baker Street, London, branch in adjournment, which was not opposed by the bank. Lawyers and bank officials made no comment on the circumstances which led up to it.

Thieves who tunneled their way into the safe deposit vaults made a £3.5m. haul. The led up to it. Claimants allege that the bank was negligent because it had an inadequate alarm and security system and mismanaged distribution.

Aero industry exports

BY OUR INDUSTRIAL STAFF

EXPORTS by the aerospace industry during the first eight months of the year were 2,658.7m, nearly 550m. higher than the same period last year, slowed dramatically compared with the previous period last year because it says there is little real gain when nearly £100m. higher than the inflation is taken into account, first eight months of 1976.

SOCIÉDADE NACIONAL DE REFINAÇÃO DE PETRÓLEOS - SONAREP - SARL

(Nationalised as per Order in Council No. 21/77 of 30th April 1977)

All the holders of SONAREP shares are invited to meet on the 20th of October 1977, at 11 a.m., in the room reserved for this purpose, at the HILTON Hotel, Nurembergstrasse/Aeschengraben, Basle, Switzerland, with a view to consider the situation resulting from the nationalisation of the Company as well as to take all the suitable decisions, especially with reference to the clause No. 2 of the Order in Council No. 21/77 of 30th April 1977, which settles the principle internationally acknowledged of the payment of an indemnity to the shareholders of the nationalised company, to appoint agents having full powers to state, to discuss and to uphold their rights and lawful interests with the Authorities of the People's Republic of Mozambique and the Authorities of all countries where SONAREP could have interests.

The holders of SONAREP shares, or their legal representatives, will have to prove their identity in presenting an attestation declaring that their shares are deposited in a bank with the mention of the number of shares.

The principal shareholder FINOLCO CO. INC. PANAMA, F. MICHEL, President, Basle, 20th September 1977.

Deadline extended to quit pension scheme

BY ERIC SHORT

THE GOVERNMENT extended yesterday its proposed timetable for contracting out of the State pension scheme due to start next April, so that employers, pension advisers and the Occupational Pensions Board can deal with administrative problems that have arisen.

Under the Social Security Pensions Act 1975, employers must decide whether to keep their employees in the State scheme or contract them out and provide pensions by means of a company scheme. The Act lays down minimum conditions before a company scheme is acceptable.

The Occupational Pensions Board, which is responsible for dealing with all aspects of contracting out, has informed the Government that the administrative burden is likely to be too great for many companies to receive a contracting-out certificate by April. Without this certificate employers and employees could find themselves paying double contributions one to the State, the other to a company pensions scheme.

The Government has issued regulations setting out the terms for relaxing the previous laid-down timetable. There has been no extension of the date by which employers must decide, nor a shortening of the three-month notice period during which employers must consult with trade unions over any contracting-out decision.

Where they decide to contract out, and complete the consultation procedures, the Government has extended by six months, to October, 1978, the period in

which documentation must be completed.

A memorandum issued yesterday by the Occupational Pensions Board sets out the procedures and distinguishes between two types of delay. Under the first, called a scheme emergency, it deals with cases when employers have not been able to make a formal submission by April to contract out, because the necessary alterations have not been completed.

In this case the Board is prepared to issue a contracting-out certificate, subject to the employers and the trustees signing declarations. Should contracting out not prove feasible subsequently, the employer will buy back the whole scheme into the State.

The second type is referred to as OPB Emergency, and deals with the cases where the employer has made formal application by April, but the Board has not completed the documentation. A similar procedure is involved.

The Board has to date received about 1,000 formal applications to contract out, and issued about 200 certificates. The pensions business estimates that at least 11,000 employers intend to contract out, and the Board envisages a flood of applications towards the end of the year. It has recommended the introduction of these emergency procedures to ensure that it can deal with any logjam.

"Contracted-out Employment (Transitional Arrangements) Regulations 1977 (SI 1977 No. 1615).

*OPB Memorandum No. 48.

Sentences 'should fit the crime'

By A. H. Hermann, Legal Correspondent

THE NEED for party-political balance in the appointment of lay magistrates was urged by Lord Elwyn-Jones, Lord Chancellor, yesterday.

For the third year running, the Lord Chancellor used his presidential address to the annual meeting of the Magistrates' Association to call for realistic deterrent sentences in cases of violence and bootlegging.

"Crime has increased dramatically during the first half of this year and the Lord Chancellor stressed how recently-passed legislation could help magistrates cope with the rising number of prosecutions without increasing the overcrowding of prisons.

On the constitution of magistrates' benches, Lord Elwyn-Jones said it was bound to weaken confidence in the selection system if it appeared from the published lists "as if one party had a near-monopoly of suitable candidates."

The balance could be also upset by some justices sitting much more frequently than others and he would prefer that, with the possible exception of the chairman, no justice should sit more than one full day every week on average.

More justices should be appointed if the workload could not be met on the existing basis. "The latest statistics on detected indictable criminal offences are 'deeply worrying,'" the Lord Chancellor said. While there was only a 1 per cent rise over the preceding year in 1976, this year the increase was 10 per cent in the first quarter and 12 per cent in the second.

He doctored if any contract

Sunday Times wins Slater appeal

THE SUNDAY TIMES yesterday won its legal battle to print extracts of journalist Charles Raw's book on the Slater Walker financial empire.

Three appeal court judges, headed by Lord Denning, Master of the Rolls, allowed Mr. Harold Evans, the editor, to take extracts from the book "Slater Walker."

"The Press should be free to publish fair comment on matters of public importance and no court should grant an injunction to restrain a newspaper from doing so, except in the most extreme circumstances," Lord Denning said.

Mr. Raw, then on The Observer, in 1973 began a long and detailed research into the share dealings of Jim Slater.

Later, however, Mr. Raw was assigned all the rights in the book and went to the Sunday Times which was prepared to use the material.

Lord Denning said that the principal question in the appeal was whether there was a term in the agreement between Mr. Slater and Mr. Raw that the articles would be published in The Observer and in no other newspaper.

Lord Denning said that there was no such term, and that a situation which neither party had foreseen at the time.

It was also very doubtful whether another of Mr. Slater's demands—that the book and articles were to be of a "balanced and objective nature"—was as certain as to be workable.

The parties could go on disputing that sort of thing for ever, said Lord Denning. He doctored if any contract

Savings staff in dispute over computer

PLANS to install a computer in the Durham headquarters of the Department of National Savings have been postponed indefinitely.

The decision, taken by the Government on financial grounds, has angered the staff committee representing 4,000 workers at the headquarters.

A committee spokesman said the computer had been planned for nearly two years, and that the decision increased concern that the Government intends to abandon the savings department.

The department is the biggest white-collar employer in Durham, and deals with savings throughout the country, including Savings Yarn.

Scotch distillers ask Australia to end import restrictions

BY STUART ALEXANDER

IN A BID to persuade the Australians to lift restrictions, and tariffs on whisky, Col. Bill Bewsher, director general of the Scotch Whisky Association, flew to Australia yesterday.

He will represent the association at next week's hearings when the Australian Industries Assistance Commission will consider whether to extend beyond February 21, 1978, import cuts of 20 per cent and increased import duty of 16 per cent.

"We have already asked the British Government and the EEC Commission to protest in the most forceful manner," said Col. Bewsher. "We expect them to take all possible action to get this discrimination removed as soon as possible."

Exports of Scotch to Australia in 1976 totalled 2.37m. proof gallons valued at £9.23m. The restrictions were imposed at the request of Australian distillers, who were given six months from August 21, 1976, to phase out their imports.

During that period, imports of whisky and brandy had to be restricted to 40 per cent of the amount imported during the 12 months to June 30, 1976, and import duty was increased from 8.10.75 a litre to 8.12.50 a litre of alcohol.

Australia was the fourth largest whisky export market, said Col. Bewsher, and sales had risen consistently since 1961. Scotch had, however, always been in a co-existence with Australian whisky.

"The local product does not need this sort of protection, and it is very questionable whether the measures introduced will help it," he said.

"The Australian distilling industry employs only a small number of people and it is very doubtful whether employment will increase much as a result of these attempts to protect Australian whisky from fair competition."

"It is by no means certain that the consumer will turn to Australian whisky instead of Scotch. He has shown no preference for it in the past, and may now turn to other alcoholic beverages."

The adjournment came at the start of the fifth day of the hearing in which 96 individuals and groups of people sued the bank arisen from the matter to be "adjudged generally".

The judge agreed to thin the deposit boxes at the bank's Baker Street, London, branch in adjournment, which was not opposed by the bank. Lawyers and bank officials made no comment on the circumstances which led up to it.

Thieves who tunneled their way into the safe deposit vaults made a £3.5m. haul. The led up to it. Claimants allege that the bank was negligent because it had an inadequate alarm and security system and mismanaged distribution.

Exports by the aerospace industry during the first eight months of the year were 2,658.7m, nearly 550m. higher than the same period last year, slowed dramatically compared with the previous period last year because it says there is little real gain when nearly £100m. higher than the inflation is taken into account, first eight months of 1976.

The holders of SONAREP shares, or their legal representatives, will have to prove their identity in presenting an attestation declaring that their shares are deposited in a bank with the mention of the number of shares.

The principal shareholder FINOLCO CO. INC. PANAMA, F. MICHEL, President, Basle, 20th September 1977.

The team, directed by Dr. David Cutler, has been working on the survey since 1972. But the pace of shrinkage and what started as an academic

exercise has attracted considerable interest from the insurance world. Insurers have been forced to take a closer look at the relationship between houses and trees because of the unexpected surge in subsidence claims.

Dr. Cutler explains that recent dry summers have forced trees to expand their root systems in search of water. In areas with shrinkable clay soils these expanded roots can suck the moisture out of the ground, causing the consequent house damage.

Trade balance moves into surplus

THE VISIBLE trade balance improved by £734m. between the second and third quarters to a surplus of £1m. About two-thirds of the improvement is explained by favourable movements in trade in North Sea installations and other

erratic categories such as aircraft, ships and precious stones. The volume trends were favourable with exports 2½ per cent higher and imports one per cent up after excluding North Sea installations.

Rising export prices also contributed to the improvement, and the index of the terms of trade—the ratio of export to import prices—rose by 2½ per cent. In the quarter, rising longer-term questions about competitiveness.

BALANCE OF TRADE

	Exports £m. seasonally adjusted	Imports £m. seasonally adjusted	Exports Volume seasonally adjusted 1970=100	Imports Volume seasonally adjusted 1970=100	Terms of trade Unadjusted 1970=100	Oil balance £m.
1976 1st	5,642	6,180	132.2	126.2	81.4	-960
2nd	6,242	7,149	137.8	134.7	80.0	-957
3rd	6,429	7,573	134.9	138.0	80.3	-1,041
4th	7,103	8,085	141.5	138.2	79.1	-1,002
1977 1st	7,440	8,402	141.2	142.3	80.4	-816
2nd	8,036	8,769	149.3	144.4	80.1	-725
3rd	8,436	8,435	153.4	141.4	82.0	-599
March	2,504	2,747	143.3	139.4	80.0	-252
April	2,649	2,795	149.9	139.2	79.4	-230
May	2,612	2,889	145.4	142.9	80.7	-298
June	2,775	3,085	152.5	151.2	80.2	-197
July	2,741	2,971	153.3	149.0	80.1	-198
August	2,772	2,632	150.2	131.0	82.4	-192
Sept.	2,923	2,832	156.6	144.2	83.4	-209

* The ratio of export prices to import prices



Lloyds Bank

Interest Rates

Lloyds Bank Limited has reduced its Base Rate from 7% to 6% p.a. with effect from Monday 17th October 1977

The rate of interest on 7-day notice Deposit accounts and Savings Bank accounts remains at 3% p.a.

The change in Base Rate will also be applied from the same date by the United Kingdom branches of Lloyds Bank International Limited The National Bank of New Zealand Limited and by Lewis's Bank Limited

Handwritten signature or mark.

HOME NEWS

Callaghan reinforces pay message

BY PHILIP RAWSTORNE

THE GOVERNMENT last night vigorously reinforced its appeal to trade unions and employers to observe the 10 per cent pay guidelines.

Mr. James Callaghan, the Prime Minister, warned in a speech that excessive pay rises would fuel inflation and destroy the prospects of economic expansion.

Mr. Denis Healey said that if industrialists in Britain rose faster than elsewhere, "that will just mean one bankruptcy and fewer jobs."

Mr. Healey said that the Government was determined to keep inflation under control and that it would not be out of the wood of the present financial stability and the rate of inflation will continue to fall. More than that, and I offer no guarantee that inflation will remain at a low level.

"I cannot spell it out more clearly than I have done," he said. "Do not let us spend the winter fighting over the wages front for increases in pay that will be eaten up by higher prices next summer."

Miner's money

Questioned in a BBC radio interview about the miners' demands for a 30 per cent increase, Mr. Callaghan said that if such demands were pursued the situation would be "totally out of control."

He asserted: "It is the future of Britain that is at stake, not the future of this Government."

The Chancellor said in Birmingham that there were still three obstacles to recovery, that only the British people could remove. "It is no good asking the Government to bring unemployment down if excessive wage increases are pushing unemployment next up," he said.

In the past when wage costs in Britain had risen faster than in other countries, the consequence was that prices had to rise and the value of the pound had to be saved jobs at the cost of higher inflation.

Less money spent on food in August

Our Industrial Staff

THEY spent on food fell by 5 per cent in August, compared with the same month last year, figures released yesterday show. But total retail sales only marginally over the period.

Outwear and clothing were only sectors where spending in August was greater than in the same month last year.

Figures from the Government's Retail Sales Statistics Office show the index for the volume of retail sales at 1971 prices, seasonally adjusted, fell from 107.2 in August 1976 to 107.2 in August 1977.

Of durable goods, food and clothing were the only sectors where spending in August was greater than in the same month last year.

Code to limit orders for building work

DE to limit the amount of work for building contracts announced yesterday by the Joint Consultative Committee for Building.

The code follows complaints that the present system was too inflexible.

John Stiles, chairman of the committee's Good Practice, said local authorities were those who often invited tenders.

Guidelines for the code or contracts up to £50,000, maximum number of tenders should be five; between £50,000 and £250,000, six; £250,000 and £500,000, eight; more than £500,000, ten.

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Labour MP to run for EEC

BY PHILIP RAWSTORNE

SIR GEOFFREY DE FREITAS, Labour MP for Kettering and former chairman of the European Movement, is to resign his Commons seat at the next general election to run as a candidate in the first direct elections to the European Parliament.

He is the first British politician to announce publicly his intention to leave Westminster for Strasbourg.

Sir Geoffrey, who has represented Kettering since 1964, told his local party last night that he would not be a candidate at the next election.

"Membership of a directly-elected European Parliament will be a fallacious job," he said.

Sir Geoffrey made it clear that his decision was not due to any discontent with the Labour Party, which he said was "in good shape."

A former chairman of the Labour Group for Europe, Sir Geoffrey has played a leading role in various European institutions.

He entered the Commons in 1945 as MP for Nottingham Central and from 1946 to 1951 was entrusted with the immense task of running the Ministry of Air and Under Secretary at the Home Office.

Although Transport House, unlike Conservative Central Office, has not yet begun to draw up a list of candidates for the European Parliament, it is expected to begin shortly.

Tory closed shop policy 'a muddle'

By Philip Rawstone

CONSERVATIVE policy towards the closed shop was "an embarrassed muddle," and proposals for a voluntary code of practice were an evasion of the fundamental question of principle, Mr. Enoch Powell told the Conservative Society yesterday.

"It is unacceptable in logic and justice to transfer the protection of the citizen against his rights and liberties from the State to the uncertain and irresponsible efforts of private bodies acting voluntarily."

"That way lie the vigilantes and the kangaroo court."

The basic question was whether trade union action benefited those in the relevant employment and workers generally.

He said: "It is likely to be kept operating until at least 1990. Mr. Alday said, BNF plans to spend about £5m in the next few years in order to keep the plant operating."

Forth Estuary oil probe plan

P & O PETROLEUM in association with Kerr McGee Oil (U.K.) plans a seismic survey - a preliminary oil search - in the Forth Estuary this month.

The survey will cover an area roughly from three miles east of the Forth to five miles west of the Isle of May. It is expected that the survey, carried out by seismic Exploration International, may be completed within a week.

The survey technique uses pulses of compressed air to generate acoustic impulses, and a set of hydrophones to monitor reflected impulses from the sub-surface strata.

the Exchange's Council earlier this year to let it deal directly (not through stockbrokers, as is customary) in some stocks with the Exchange. The Exchange said that it had accepted the commercial sense of the merger from the viewpoint of the two firms concerned and in the context of the general strength of the market.

In any event, the two concerns whose planned link-up is to be examined have made a strong case for their merger being that of two complementary parties. Of the 2,700 stocks they trade between them only 47 were in the same industry.

Smith, which has shown no lack of enterprise in adapting to changing conditions, asked for the Commission to consider the effect on competition of the resultant contraction of the trading industry. It will also probably try to decide whether the additional concentration proposed would have adverse effects on the investing public by unnecessarily increasing the cost of investing in securities.

On the other hand, the Commission will have to consider the arguments likely to be put forward by the proposed participants in the merger and perhaps by the Exchange that the get-together should enable the combined business to provide a more efficient and so more competitive service.

Mrs. Thatcher promises prudent Tory policies

BY JOHN HUNT AND IVOR OWEN

TO THE rapturous applause of delegates Mrs. Margaret Thatcher would up the Conservative Party conference in Blackpool yesterday with a warning that the coming general election would be the turning point of our time.

And a promise that the next Tory administration would be a moderate government dedicated to "sensible, prudent policies."

The Tory leader was given a tumultuous six-minute standing ovation - the best reception she has received from delegates since she addressed her first annual conference as leader of the party two years ago.

In a long passage, she went to great lengths to rebut Labour allegations that she would take an extreme right-wing line in government and that she would soon be on a collision course with the unions.

"I am extremely careful never to be extreme," she declared.

With approval she quoted an old Chinese saying: "Govern a small fish as you would cook a small fish. Don't overdo it."

She stressed that there was a real difference between the two major parties, and described Labour as the extremists, dominated by the Left wing, who would move Britain towards an Eastern European-type state if the present Government were re-elected.

Conflict

On relations between a future Conservative Government and the unions, she said that conflict between them could arise only if the union leaders were determined to do so.

But if the unions did "hold their ground," she said, "for example, in a challenge in a vital nationalised industry - then in these circumstances we would be prepared to go to the country in a referendum of the type she had referred to in her interview with Mr. Brian Walden on television."

During her speech her sallies against the Labour Government in general and Mr. Denis Healey in particular drew delighted laughter and applause from the rank and file. Mrs. Thatcher said she relished the prospect of a general election, but she thought it would be better to go to the country until he had to.

In an onslaught on the Lib-Lab pact, she said: "Better to let your own people lose your self-respect."

The Liberals had kept in power a government that had all but bankrupted Britain.

Turning to Mr. Healey she argued that Britain's financial position had improved in recent months only because he had reversed his policies 180 degrees on the orders of the IMF.

Despite North Sea oil, the truth was that the economy was still grinding along in bottom gear.

Production was down and real profits and investment abysmally low, while unemployment was the worst since the war.

If Labour was still in power next year, prices would have doubled and their term of office would be an economic and personal disaster.

Beware

Of the Labour Party conference at Brighton last week she cautioned: "Beware the leopard when it is quiet. It is not always what it says."

She predicted that in the run up to the election the Government would try to give the impression that it was a gentle, social democratic pussy cat. But if Labour did win the next election its extremists would drive towards a Britain modelled on Eastern Europe.

It was still Labour policy to nationalise the banks and insurance companies, nationalise all land, take over almost any firm, and cut tax relief for home buyers.

Labour government would mean higher income tax and an immediate wealth tax.

From one election to the next the Tories grew stronger and stronger, and Labour's programme became "more and more Marxist."

She went on: "So let none say that there is no true difference between the parties. No real choice before the nation."

The job of ditching the extremists was in the hands of the people at the next general election. If just five or six voters in every hundred switched from Labour to Conservative it would slash the size of the Treasury

Campaign

She predicted that in the coming months there would be an orchestrated campaign by the Labour Party to portray her as an extremist as an election drew near.

"Making a play on the word 'extremist,' she said she was extremely determined to turn back the socialist tide and not be deceived by Labour's 'mask of moderation.' The Conservatives believed in one nation - so much for her 'so-called' extremism."

Labour, she said, would also try to depict her as being reactionary. But she was only so in reacting against Labour's disastrous policies of the last few years.

The Conservatives would cut controls and regulations and keep interference in people's lives to a minimum. This form of genuine conservatism was the best answer.

The next general election would be crucial because it would settle which party would be entrusted with the immense benefits of North Sea oil. Labour would use the oil profits to take more power for the State whereas Conservatives would give power back to the people.

Allow

Mrs. Thatcher said she was always being asked how a Conservative government would get on with the unions and whether the unions would allow a Conservative government to govern.

"We to the Conservative

"not happen," he went on. "Labour will not be there to do it."

He felt certain that in the next year's honours list there would still be a queue of Labour men falling over themselves to be peers in the House, they had decided to abolish.

In her speech, which followed Lord Carrington's, Mrs. Thatcher agreed that Labour would not find it easy to abolish the House of Lords.

"While half the Labour Party is trying to abolish it, the other half is trying to get it," she declared.

"Yes, the word is allow!"

Labour kept repeating that the Tories would not be able to work with the unions and they did so merely because the present government could not afford to run on its own record. When the time came, she believed, union leaders like Jack Jones, Hugh Scanlon, David Bannett and Clive Jenkins could be expected to take up this theme in varying degrees.

"And it won't be true - unless the unions are determined to make it true," Mrs. Thatcher said.

Suppose, she said, that the unions were so determined. "Then we would face a situation in which an unelected minority was intent on getting rid of a government that it couldn't control and replacing it with one that it could."

However, she did not believe that the union leaders seriously intended to use their industrial muscle for political ends.

Nevertheless, people were asking if a handful of men with great power could hold the nation to ransom.

"The answer is, it's possible," she went on. Should such a situation arise, for example, in a vital nationalised industry, it would be presented as a conflict between Government and union.

"This would be false," she said. "The real conflict would be between union and people. Because the intervention by the Government must be selective - otherwise it would be a general strike."

"In that case, the duty of the Government, any government, would be to act through Parliament on behalf of the nation as a whole."

"In a vital issue such as this, two over-riding aims: moving the country from the red into the black, money on defence



Mrs. Thatcher, Conservative leader, receives her six-minute standing ovation at the party's conference.

specific matter, it would be important for the Government to know that it had the support of the majority of the people.

"It is in this context - and in this context only - that I have suggested a referendum to test public opinion. In those circumstances, I say 'let the people speak.' I hope and believe the situation will never arise."

The Tory leader said that a strong and responsible trade union movement was essential to the country and its rights must be respected. Yet the belief that these rights took precedence over all other rights and even over the law itself, could be fatal to the country.

Happily, the great majority of trade unionists knew that while their leaders represented them at work the government of the day represented them in parliament.

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"In a vital issue such as this, two over-riding aims: moving the country from the red into the black, money on defence

After praising the work of the security forces in Northern Ireland, Mrs. Thatcher launched a fierce attack on the Government's cuts in the defence budget.

"What sort of government forces front-line soldiers into claiming rent rebates and makes many of them worse off than people who don't even try to work at all?" she demanded.

A Conservative Government, she pledged, would spend more money on defence

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Janneau Armagnac is an ordinary French brandy like Renoir is an ordinary French painter

Janneau
Grand Armagnac
Ordinaire it is not



FINANCIAL TIMES

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Saturday October 15 1977

Markets take it quietly

THE FURTHER setback in theseven, leaving the accumulated industrial equity market this week—the 30-share index has been below 500 for the first time in six weeks—is partly due to further evidence of stagnant production and disappointing company results but more, one suspects, to the fact that the gilt-edged market is still gasping for breath after an extremely rapid advance.

Wall Street

The weakness of Wall Street is an unfavourable influence in the background; but this is primarily due to anxiety caused by the rapid growth of the U.S. money supply and its large payments deficit, which in turn has helped to keep the sterling exchange rate strong against the dollar.

The strength of sterling and the amount of foreign exchange which the authorities are having to accumulate in their attempt to keep the rate pegged against leading currencies in general continue to pose formidable problems in keeping tight control over the growth of our own money supply. This week the Bank has been forced to let minimum lending rate drop by another 1 per cent—a drop which has triggered off a sharp fall in the leading rates of the clearing banks—to discourage the inflow. They have also announced a new long-dated tap stock to help absorb and neutralise it, which, like its predecessors, will be expensive in terms of national debt servicing charges.

Exchange rate

There is no indication yet, however, that the arguments in favour of letting the exchange rate appreciate have had much effect on those who feel that, if anything, a lower rate is needed to maintain the competitiveness of U.K. exports; and the most that is generally expected at present, apart from the continuing fall in interest rates, is some relatively minor relaxation of exchange controls. Yet the latest evidence is that the factors which have led to the present strong demand for sterling are as potent as ever.

The September trade figures published yesterday, for example, are exceedingly good, though the current surplus is not quite so high as the exceptional figure for the previous month, the visible balance is still large and positive: the current surplus for the last two months alone has offset most of the deficit of the previous

The fiasco of tobacco substitutes

BY STUART ALEXANDER

IT WILL take the tobacco industry a long time to live down the nightmare of launching tobacco substitutes onto an unwilling British public. With all their experience of sales and marketing, all their millions of pounds to spend on research and advertising, the tobacco companies have been left with egg on their faces.

The latest estimates are that cigarettes containing the two substitutes available have at best 2½ per cent of the total market, although 2 per cent may be nearer the mark. Lack of demand has led to heavy returns of some brands and pleas to the Customs and Excise that they may be destroyed and the heavy tax refunded.

In addition to the poor response to the market, bitter arguments have arisen about the Government and its agencies apparently trying to pull the rug from under the attempt to make cigarettes less of a hazard to health. ICI has threatened to run down research into a Mark 2 product, the practicality of long-term monitoring tests on humans has been thrown into jeopardy, and the Hunter Committee on smoking and health has apparently decided that the scientific guidelines for any future tobacco substitutes would have to be updated and changed.

The immediate future for substitutes is bleak and the long-term prospects difficult to determine. The industry had only a short time to deal with the problem of launching them. That time has nearly run out. When the idea of substitutes first began to attract serious work in this country in 1966 the political and social climate was markedly different from today. The main motive was commercial, in that ICI wanted to develop uses for cellulose, and Imperial Tobacco wanted both to be protected against fluctuations in the supply of natural tobacco and, as industry leader, to be in at the start on a development that seemed to have enormous potential.

Eleven years later, the pressure groups have built up, government Ministers have regularly made anti-smoking speeches, to the point of describing the habit as obscene, and the Royal College of Physicians has made sure that, however much the public wishes to ignore them, the health risks have been clearly spelt out.

Then there has been a change in the market place. Eleven years ago everything was run in orderly fashion and Imperial was the dominant force. By 1977 the public was witnessing a price war, Imperial's market share was under pressure—it was particularly

vulnerable in the growing king-size sector and in the low tar sector developed by Gallaher's Silk Cut—and brand loyalties were substantially eroded. The third factor was the intervention of the Government on scientific grounds. One of the main reasons for setting up the independent scientific committee on smoking and health, the Hunter Committee in 1973, was to set standards for the research programmes into substitutes and to monitor their progress and quality.

The struggles of the two consortia to satisfy this committee have considerably lengthened the time between the initial development of the two products and their clearance for public consumption.

The Hunter Committee came on to the scene late. Both ICI and Imperial, in the U.K., and Celsese Corporation of America, in conjunction with Gallaher and Rothmans in the U.K., were already well ahead with their work and set on their own, different courses of scientific research.

While the companies were required to check out each other's work, the level of co-operation between them was less than it might have been. After all they were competitors. On occasions work had to be redone, because it did not meet the Hunter Committee requirements and even while the research was being carried out new and improved methods of testing were being evolved. As scientific research can often take a very long time, schedules were pushed back and with that the date at which the products could be marketed.

The companies, however, were anxious to see a return on their investments as soon as possible and pressed the Hunter Committee for an early decision. Many other countries were awaiting its decision but issues of great importance involving the scientific reputations of the committee members were at stake, and therefore it would not be hurried.

Eventually, on March 31 this year, both the substitutes obtained clearance. Cytrel had been developed by the Celsese, Gallaher, Rothmans consortium and NSM by the Imperial Tobacco/ICI consortium. The clearances given, however, were different in detail.

Announcing the decision in the House of Commons, Mr. David Ennals, the Health and Social Services Secretary, said that in the case of Cytrel the committee concluded it had on

objection to raise on the scientific data submitted. In the case of NSM, however, the tests carried out did not go as far as those set out in the first report of the committee, but NSM's scientific evidence contained considerable supplementary information sufficient to satisfy the committee that it should be considered under the committee's flexible terms of reference for tests which had been started before the committee's guidelines were published.

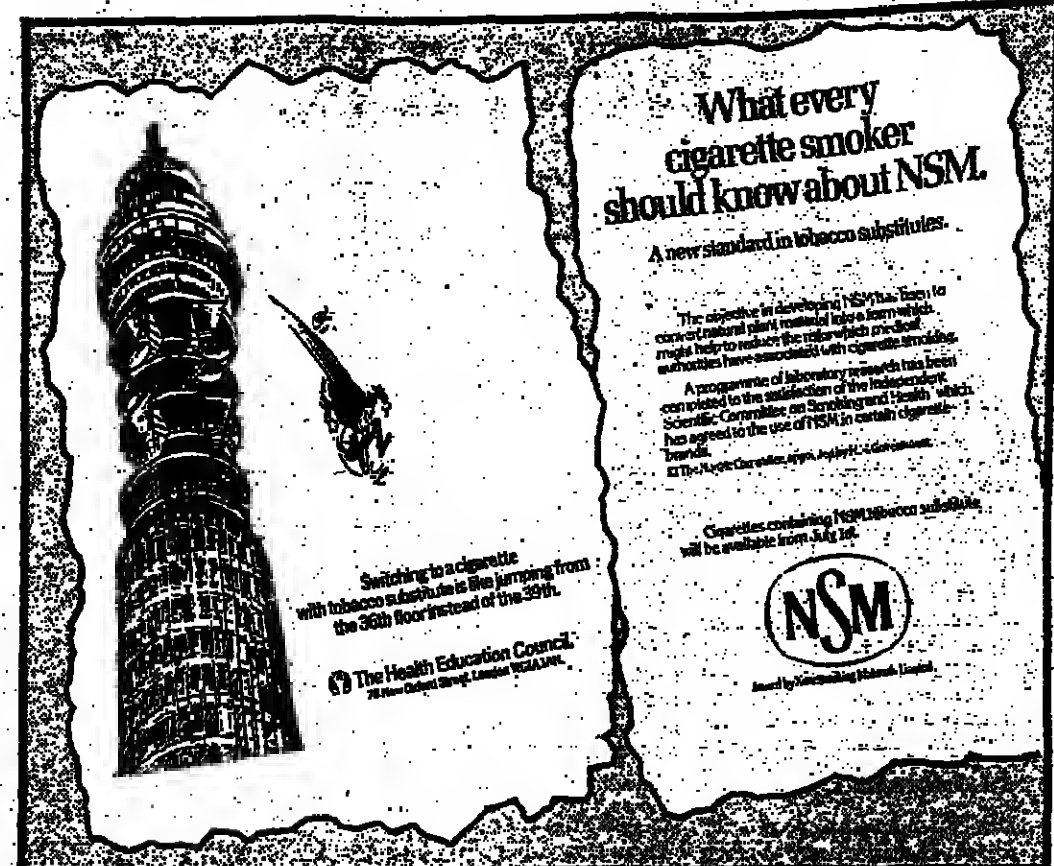
Professor, now Sir Robert, Hunter has recently confirmed that at that time the Imperial tests were incomplete and that the committee had made it clear that they would have to be completed satisfactorily. Explaining the move, Dr. Frank Fairweather, chief scientific adviser to the committee and a member of it, has said that the committee unanimously agreed that the results of the tests which the committee had already seen were such that it could reasonably expect that they would be satisfactory on completion.

No clearance was given. But immediately there arose another difficulty for the manufacturers. For, after they had—as they saw it—taken a great deal of trouble to comply with Government thinking and make a real effort to produce lower tar, less hazardous cigarettes, the products were given no endorsement by the Government.

On the contrary, Mr. Roland Moyle, the Minister of Health, said there was no such thing as a safe cigarette and the only way to avoid the dangers of smoking was to stop. This was followed by an advertising campaign conducted by the Health Education Council with Government money which told the confused public that smoking cigarettes with substitutes was like jumping out of the 36th floor instead of the 39th. That advertisement really hurt the industry, which felt it had been badly let down.

Again the timing was crucial. The industry knew it had only perhaps three months at the most to establish the new brands before it had to turn its attention to the possible outside threat of cigarettes containing flavour additives being introduced on October 1 and then the pre-January 1 battle to retain individual shares of what is likely to be a rapidly changing market following tax changes.

After the unprecedented occurrence of 12 new brands of cigarettes being launched on a single day—July 1—and the very heavy advertising campaign involved, the industry expected that a well-primed and curious public would give



the new products a high trial rate. They did not and have not.

Some of the reasons are easy to see. Others are more obscure. Having been conditioned to price-cutting the public was less willing to accept full-price products, whatever they were. And many people felt they should pay less for a substitute than for the real thing. They were suspicious of the new products, made complaints about the taste, whether justified or not, and disliked the irritating way in which the ash scattered and floated about.

Because the new cigarettes were not an instant success they were treated as an instant failure—one an unreasonable expectation, the other an unreasonable conclusion—but the public did not want to back a loser. Therefore the threat of a downward spiral became more and more a reality.

To counter the downward trend the industry has mounted a strong protest to the Government and seized on the publicity of the Health Education Council as the principal reason for all its ills. The lobby has been political as well as public and Imperial has talked at length to Ministers, Whitehall officials and backbench MPs in order to put its message across.

It has pointed out that future generations of substitutes cannot be developed unless the present product shows some financial return. Imperial has publicly announced the burning of cigarettes and will make redundant half the workers at the E35m. Ardeer, Ayrshire, plant it has built to manufacture NSM. Output there is running at about 5 per cent, or less of capacity and the company has already looked at other manufacturing options for the factory.

Production is also low at the Cytrel plant in the U.S. but Celsese has made more effort to develop its world market.

Both Cytrel and NSM need vastly improved demand to be in any way commercially viable. The difference in the U.K. is that John Player, has taken 35 per cent. with its three brands but while Gallaher and Rothmans buy from Celsese as they need Cytrel, Imperial is itself its only customer and has built

its two versions of Embassy (bringing the total number of choices under the Embassy banner to 19) and with the new low-tar middle tar King size President.

President at first appeared to be in demand but a combination of supply and distribution problems coupled with further industry squabbles about the wording of its advertisements appears to have nipped that early success in the bud.

The post-mortem on substitutes began after only about three weeks in the market and has continued ever since. Inevitably it has now widened in scope. To what extent did the marketing strategy fail and to what extent was the Government responsible for making it fail? The marketing strategy failed because the industry was too impatient because it was trying to sell a product that was already five years too late.

Government warnings have had little enough effect before the for smokers to feel that they could be influential now. Should the Government and the Hunter Committee have insisted that substitutes be used only in low tar cigarettes? Certainly Gallaher feels that it should. Not, because they are strong in the low tar sector but because it would have avoided the impression that substitutes were a wonder product which, when added in any type of cigarette, would make them safe.

And have substitutes been so badly mauled by their first appearance that they may now just sink without trace and die? Probably not. But it may be five years before they are more generally accepted and before then the number of brands available seems sure to decline.

The hope lies in the two submissions made recently to the Hunter Committee by Gallaher for cigarettes containing both substitutes and additives. The use of "tobacco" flavours means that a greater percentage of substitute can be incorporated and this is the path which the Hunter Committee would like to see the tobacco industry tread. But the conversion of smokers to the new cigarettes will call for both long-term crusading and, perhaps, a little support from Wills, only 15 per cent. with the Government.

Letters to the Editor

Trade

From Mr. R. Buckle

Sir,—As yet the Government has announced no North Sea oil depletion policies. It is important that oil should be produced at the optimum rate for the maximum benefit to the economy.

Britain is already showing signs that she may shortly suffer from "Dutch disease" which consists of lack of industrial competitiveness caused by a strong currency, following overproduction of energy. To avoid this, I suggest that production of North Sea oil should be limited and we should continue to be a net importer of considerable amounts of Middle East crude. These imports would be financed by industrial exports which would follow from a slightly weaker currency.

The benefits of the above would include an increase in industrial activity, leading to a fall in unemployment and a considerable increase in the life of the North Sea oilfields, thereby alleviating the risk of an energy gap.

R. N. Buckle.

The Villa, Redmile, Nottingham.

Boycott

From Mr. I. Stewart.

Sir,—In the event of a breach by Ford, a national average of 10 per cent or less, would be unobtainable, because: (a) other groups would possibly follow suit; and (b), an increase of the likely magnitude at Ford, would be very difficult to offset, in order to achieve that average.

With the Government's inability to impose sanctions upon Ford in the event of a breach, the ball would be firmly in the court of the car-consuming public in Britain, who could simply boycott the company.

May the people of Britain join forces with the Government for however short a time necessary to assist them around Mr. Callaghan's proverbial corner, which we appear almost to have reached. Furthermore may any groups of workers who cause that corner to be at the wrong end of a one-way street, be well

warned of the consequences in attempting to enter it from that end.

Iain J. Stewart,

Feochon,

Hillside Road,

Dundee.

Honour

From the Managing Director,

G. A. Engineering Services.

Sir,—I was interested to note that Mr. Kenay of Grimshawe Holdings has stated that it would be a "matter of honour" to support a subsidiary. Could not this be made legally binding on all companies who claim to be "members of so and so group" or "subsidiary of such and such company"?

So far as I can find out far from carrying any weight whatsoever the use of the above and similar phrases are simply ploys by these subsidiaries to obtain credit or confidence from gullible suppliers and when the crunch comes the parent company can "tear out from under" without any liability.

Perhaps advertising media carrying their misleading claims could also be held liable or is that asking too much?

L. R. K. Gregory,

Lower Herne Road,

Herne Bay, Kent.

Automation

From the Deputy Managing

Director-Europe, Diebold Europe.

Sir,—I would like to draw attention to three points relevant to your "office equipment" feature of October 3. The range of equipment now on offer has the virtues of comparative simplicity, lower cost, higher reliability and the availability of program packages obviating the need for high technical skills—all attributes that have obvious appeal to the smaller business.

The points I would like to emphasise are firstly, the benefits that the smaller company could obtain from using the computing equipment featured in your supplement can be really worthwhile. The power of what was

the large computer is now available at the price, size and in the form that it can be profitably used within small businesses. It is to be hoped that Mr. Lever's small business study will not omit means whereby such businesses could be encouraged and perhaps aided to use the new range of computers that is now available.

My second point is to draw attention to the effect of the recent years of recession in the U.K. which has caused us to gaze in the use of computer and office automation. There are indications that some commercial companies are ahead of the U.K. We may have some need to catch up.

Finally, our British exporting companies are, at this stage, at a disadvantage when compared with American companies where new policies and regulations have freed users from the restrictions that we now associate with the Post Office and, on the Continent, the PTIs. It is hoped that the disadvantages now suffered by manufacturing companies will not be passed on to the U.K. users of this equipment.

J. M. Thornley,

Sutherland House,

56, Argyll Street, W.I.

Parliament

From Mr. J. Duncan

Sir,—The periodical outbursts from sections of the Labour Party concerning the abolition of the House of Lords leads me to wonder why no one has suggested the abolition of the House of Commons, for it is the latter body which makes life less and less tolerable with new-brought-out taxes to finance vast expenditure of other people's money and by taking more and more power over other people's lives.

If toleration is to be preserved, it seems that it is the lower House which needs at least reforming. Many seem to think that democracy is doomed, if its demise should come about, should we not have a way for future government to be in the hands of those most suited for it by culture, morality and ability? Where are these quali-

ties more likely to be found than among the aristocracy, the leaders of the Church and those whose abilities have won them a place in the House of Lords, presided over by our inestimable Sovereign?

The House of Commons provides on inspiration, being concerned almost entirely with material things, namely other people's. The Socialists, in particular, show no consideration for minorities, however substantial.

J. G. Duocan,

176, Epsom Road,

Guildford, Surrey.

Talents

From Mr. R. Hargreaves.

Sir,—Could it be that in declining to accept the offered salary (October 11) Messrs. Seaton, Unwin and Barnett have a greater appreciation of their worth to the National Enterprise Board than Mr. Varley?

R. G. Hargreaves,

100, Coldharbour Road, Bristol.

Coincidence

From Diane Gleek

Sir,—I write in response to Mr. W. Keir's letter (October 11) lest any of your readers should accept his assertions, as he betrays an unfamiliarity with elementary laws of probability and with the functioning of the slide-rule.

I was taught the much-maligned "new mathematics" in the 1960s by a pioneer of the school mathematics project and so learned empirically rather than by rote. "Coincidences" do not surprise those who understand the laws of probability. For example, the probability that two people out of a group of 30 will have the same birthday (excluding the year) is approximately 9.7 (70 per cent.). Mr. Keir's assertion, however, that "in any random collection of numbers the number 1 occurs 30 per cent. of the time" amazes me—if Mr. Keir avails himself of a computer-generated table of random sampling numbers he will find that this is not true.

In any small sample, however, it is conceivable that one number (any number) may occur 30 per cent. of the time.

Returning to the slide-rule, the numbers 1 to 9 are not distributed randomly but on a logarithmic scale, so that multiplication and division are performed by means of the addition and subtraction of logarithms—Mr. Keir is attempting to use one fallacy to prove another.

In conclusion, as another Premium Bond holder who has never won a prize, I ascribe this not to the "unluckiness" of the batch I hold but to the apparent bias in Ernie's program towards more recent serial numbers. I may therefore follow Mr. Keir's advice to cash in my bonds and buy new numbers.

Diane J. Gleek,

2, Sarre Road, N.W.2.

Politics

From the Prospective Liberal

Parliamentary Candidate for

Shoreham.

Sir,—Not wishing to encroach upon the patience of your readers, let me keep my reply to Mr. Radmore (October 11) short by asking him the very elementary question:

What indication is there for his assertion that the Liberal Party would do better at the polls next March, say, than it would have done last March, that is, before the pact with the Government?

The Tories talk glibly about the pact having saved the Liberals from "electoral disaster" but there is in fact not the slightest evidence for this. It follows that our claim to have acted in the country's interest was indeed an honest one, however much Mr. Radmore and others of his ilk may dislike the fact.

Peter Easton,

122, Somerset Road, S.W.19.

Fuses

From Mr. A. Lamb.

Sir,—I was pleased to see Mr. J. Brockbank's letter (October 8) regarding fused plugs.

According to BS1363 fuses are now available only in 13 or 3 amp ratings. How, then, does one fuse a plug for an electric toaster—too high for 3 amps but rather on the low side for 13 amps? Does one fuse a one kilowatt fire with a 13 amp fuse? Hardly! I have one such fire at present fused through a 3 amp—purely as an experiment. Table lamps, monochrome TV sets, tape recorders, record players can all be fused with a 1 amp fuse in the plug top, and yet I have been assured that the 3 and 13 amp fuses have been made available "only after a very comprehensive testing programme to ensure that they offered the required degree of protection."

A commendable suggestion from Mr. Brockbank is to use educational showcards and to use original choice of fuses as approved in 1948 (when the flat three pin system was approved) that is 2, 5, 10 and 13 amp.

At the moment most people think that if they have a flat three pin plug with a 13 amp fuse in the plug top they are perfectly safe, or at least their appliances are. What a dreadful mistake. Surely the time has now come to educate the customer as to the rating of fuse he ought to use?

A. Lamb,

44, Portland Road,

Stoneygate, Leicester.

Entertainment

From Mr. P. Dumbill.

Sir,—Chris Dunkley (October 5) has been out of the country longer than he realises when he comments on BBC's My Music. Mulr, Norden and company have been entertaining Radio 4 audiences for years. It is indeed an ideal radio series.

P. Dumbill,

35 Tollerton Lane, Tollerton, Nottingham.

LAWSON HIGH YIELD FUND

Current Estimated Annual Gross Yield

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HY 125 FT 151077

BY PAULINE CLARK

least, to be that of an experienced mediator, to supplement the old system which has existed since the Bridlington Agreement was signed.

I But the appointment has probably come too late for the victims of the Ansell drugs men's dispute. Recent renewed hopes of a voluntary solution to the draymen's blacking action have already led Mr. Clutton-Brock to worry about whether they can be gripped quickly with the new base prices. After so long, they ask, will they be able to cope with the rush of "curiosative customers" who they anticipate will arrive the day they pull their first pint of beer at the Fox

1. The Trust is authorized by the Secretary of State for Trade and is constituted by a Trust Deed dated 16th July, 1974. It is a "wider range" investment trust under the Trusts Investments Act 1961.

2. The income is distributed half-yearly on 6th April and 6th October at a basic rate of 5% a half-yearly dividend of 1% (plus V.A.T.) of the value of Fund is deducted from gross income to meet management expenses (including the Trustee's fee).

3. The Trust Deed empowers the Managers to include an initial price change of 5% in the offer price, out of which 5 paise is to be paid to the Managers in order received through recognised agents.

4. You may sell all or part of your unholding back to the Managers at the offer price, or at a discount, as determined by the Department of Trade, fixing an receipt of your instructions. You will be sent a cheque in settlement within seven business days of receipt by the Managers of your unencashed certificate.

5. The Managers are Allied Stars Trusts Limited (Member of the Unit Trust Association's) Emboro House, Rayleigh Road, Hutton-Bentwood, Essex CM12 1AA. Telephone Brentwood (0277) 712121. Telex 350200. Cable "UNIT TRUSTS" Company Limited.

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Applications will not be acknowledged, but certificates will be posted within 2 weeks of receipt of your application.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 3.47 on bargain hunting

BY OUR WALL STREET CORRESPONDENT

BARGAIN HUNTING halted the recent down trend on Wall Street today, breaking a five-session losing streak to close out the week on a firm note in moderate trading.

The Dow Jones Industrial Average regained 3.47 to 821.64, reducing its loss on the week to 15.71. The NYSE All Common Index, at 551.24, rose 2 cents on the day but was still down 31.35 on the week, while rises and falls were more evenly matched at 644-to-702. Trading volume, however, decreased 3.6m. shares to 204.4m.

Citibank's announcement at the outset that its prime lending rate would not be raised for at least

another week, lent some stability to the market. Many investors had expected an increase to 7 1/2 per cent, from the current 7 1/4 per cent, level.

The real focus this week, however, was on the money supply, numbers, with many investors anticipating a substantial increase.

NCR was active, but gave up another \$2 to \$40.

Digital Equipment, also active, fell \$2 to \$43, while heavily traded Alcon Laboratories advanced \$1 1/2 to \$29 1/2 on the strength of its recent statement that it received "expressions of interest" for a merger.

Medusa jumped \$2 1/2 to \$30 1/2, but has been approached for a possible combination.

The AMERICAN SE Market Value Index eased 0.02 to 115.39, for a loss of 3.26 on the week.

Canada mixed

Canadian Stock Markets were mixed in fairly active trading yesterday.

The Toronto Composite Index shed 0.7 to 885.4. Oil and Gas 2.1

to 1210.2. Utilities 0.05 to 159.45, and Metals and Minerals up on 2.4 to 892.7. Golds strengthened 2.1 to 1258.4 and Papers gained 0.15 to 90.60.

PARIS—Lower in thin trading, depressed by the disturbed Foreign Exchange Market and Wall Street's two-year low.

BRUSSELS—Belgian shares mostly lower in average trading. St. Roch slightly off, although it expects to at least equal its 1976 net profit made in 1974.

German stocks rose, but U.K. and French issues down and Dutch fell slightly. Gold Mines little changed.

AMSTERDAM—Narrowly mixed. Banks and insurance mostly higher. Chemicals firmers. 4. State Loans higher.

OSLO—Banking and insurance steady. Shipping quiet. Industrials slightly firmer.

COPENHAGEN—Lower after active dealings.

STOCKHOLM—Mixed, with no apparent reaction to remark of president of Swiss National Bank

that Switzerland has no intention of introducing a ban on foreign purchases of Swiss stocks and bonds to stem rise of Swiss franc.

MILAN—Generally lower in end-account technical factors restricting business.

VIENNA—Generally steady. Breweries continued upwards, led by Gosser.

HONG KONG—Slightly easier, in quiet trading, with most activity in Banks.

TOKYO—Prices fell, led by Blue Chips and Popular issues, following the Yen's sharp appreciation.

Export Oriented Electricals, Vehicles and Precision Instruments levelled-off in line with overnight fall on Wall Street, although some turned upwards on "cheap" buying lower close.

JOHANNESBURG—Gold shares edged up to 50 cents in quiet trading.

Copper and Asbestos shares mixed. Platinum firm.

AUSTRALIA—Mixed, with Coal and Allied falling 78 cents to 32.07 after New South Wales Government announced it would acquire at least 51 per cent of Cal's Workwear deposits.

FRIDAY'S ACTIVE STOCKS

Stock	Change
NCR	+3.00
Digital Equipment	-2.00
Alcon Laboratories	+1.50
Medusa	+2.50
General Electric	-0.50

Indices

NEW YORK - DOW JONES

	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10
Industrial.....	821.64	818.17	825.98	832.68	840.11
Nonmetals.....	92.58	92.47	92.56	92.89	93.00
Transport.....	210.61	209.58	212.21	214.83	216.00
Utilities.....	112.17	112.67	115.78	116.88	117.00
Trading vol. of 100 shares	28,310	23,870	22,440	17,870	10,000

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Martell raising £12½m.

By Kenneth Gooding

COGNAC, Oct. 14. ARTELL, ONE of the leading cognac producers which went public two years ago, is to raise £12½m. (£12.5m.) by way of convertible loan stock.

The company has also for the first time produced consolidated figures taking in its distribution subsidiaries in France and elsewhere, Hong Kong and South Africa.

Consolidated turnover in the year to June 30 was £58.8m. (£58.8m.) and pre-tax profit £7.0m. (£7.0m.). No complete figures are given but the company's pre-tax profit was £7.0m. (£7.0m.), a rise of 10 per cent. excluding various special provisions.

M. René Martell, chairman, says the cash from the loan—exact amount will be determined just before the annual meeting in November—will be used to reduce short term debt and to finance stock.

Martell expects world demand for cognac to rise at least 5 per cent. a year and as it is no longer a luxury item, it is at four years old, stock takes considerable financing. The book value of Martell's parent company is £12.5m. (£12.5m.), compared with the current market value of £12.5m. (£12.5m.).

The Martell family will maintain its 75 per cent. shareholding in spite of the loan stock issue, Martell says. He reports that at one time of turnover of £100m.—is accounted for by sales.

artell put up prices for the time in three years in February 1977, Martell says, but price rise of Martell's 10 per cent. will be needed by next year.

Schering drops plans to purchase Philips unit

By MICHAEL VAN OS

SCHERING, THE West German chemical concern, has dropped its plans to acquire most of the operations of the Dutch pharmaceutical company, which has sales of more than £1.1bn. and is part of the Philips Electrical group.

A statement released by the German company in Berlin attributed its decision to the resistance against the acquisition by the staff of the Dutch company, Philips executives were discussing the situation over the weekend and Schering said it would make a statement on Monday.

Earlier, the Dutch management had informed the staff that Schering had warned it would drop its plans if the staff would resist the acquisition.

The Schering statement published today, also said that

although the Philips Duphar group would not have the attitude of its works council and that the directors remained convinced that a take-over of Duphar would offer the best guarantee for the company's survival in the longer term.

The news of the Schering plans to bid for Duphar were first announced in January this year, and the two companies have never given any details of the bid. The Board of Duphar in Amsterdam and Philips executives were discussing the situation over the weekend and Schering said it would make a statement on Monday.

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AMSTERDAM, Oct. 14.

WEST GERMANY'S investment funds have good cause for satisfaction with the first three quarters of 1977. The share-based unit trusts have done particularly well, with assets increasing in value by between 3.6 per cent. and 11.4 per cent.

According to the Bundesverband Deutscher Investment-Gesellschaften (BVI), the investment trust association, which today reported on the progress of some 70 funds—most of the funds outperformed the Frankfurt Stock Exchange Index. This shows an overall increase of 6.9 per cent., although it is currently standing below this year's peak.

The BVI is also pleased with the fund's capital growth performance. The share-based unit trusts are showing growth rates of between 6.2 per cent. and 11.4 per cent. over a 10-year period, while the 20-year growth rates are between 11.7 per cent. and 17.4 per cent.

Mixed funds, investing both in shares and bonds, have also done well, with growth averaging between 7.1 per cent. and 9.3 per cent. during the nine months. For the past five years these funds have shown growth rates varying between 23.5 per cent. and 32.3 per cent. The two funds in this category that have been operating for 10 years or more have seen the value of units rise by 81 per cent. and 83.4 per cent. since their inception.

Performance by the BVI's member funds that invest in overseas markets has been mixed as a result of the widely varying performances recorded on the world's stock exchanges. Growth rates for the period under review have ranged between minus 6.8 per cent. and plus 7.2 per cent., while over the 10-year period it has been between minus 21.9 per cent. and plus 63.9 per cent.

Funds investing exclusively in the bond market have done better than the rest of the field, reporting growth rates during the first three quarters of 1977 of between 8.3 per cent. and 10.1 per cent. At the same time, for the bond-based funds, the increase over the five-year period was between 52.7 per cent. and 57.4 per cent.

The property-based funds, as can be expected, turned in rather weaker performances, with growth of between 2.1 per cent. and 4.7 per cent. Reviewing the past five years, however, they have done rather better, with growth rates varying from 27 per cent. to 41.5 per cent. On a 10-year basis, growth has ranged from 40.2 per cent. to 121.8 per cent.

German unit trusts move well

By Guy Hawtin

FRANKFURT, Oct. 14.

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Performance by the BVI's member funds that invest in overseas markets has been mixed as a result of the widely varying performances recorded on the world's stock exchanges. Growth rates for the period under review have ranged between minus 6.8 per cent. and plus 7.2 per cent., while over the 10-year period it has been between minus 21.9 per cent. and plus 63.9 per cent.

Funds investing exclusively in the bond market have done better than the rest of the field, reporting growth rates during the first three quarters of 1977 of between 8.3 per cent. and 10.1 per cent. At the same time, for the bond-based funds, the increase over the five-year period was between 52.7 per cent. and 57.4 per cent.

The property-based funds, as can be expected, turned in rather weaker performances, with growth of between 2.1 per cent. and 4.7 per cent. Reviewing the past five years, however, they have done rather better, with growth rates varying from 27 per cent. to 41.5 per cent. On a 10-year basis, growth has ranged from 40.2 per cent. to 121.8 per cent.

Alcoa sparks off fresh round of price rises

By JOHN WYLES

NEW YORK, Oct. 14.

ANOTHER ROUND of aluminium price increases looks to be on the way with Alcoa's announcement that it will raise its prices for North American producers again.

Alcoa's example is apparently being followed by Kaiser Aluminum, the fourth largest North American producer which has confirmed that customers have been "fully informed" of price rises for various rolled products. Alcoa raised its prices for aluminium sheet and plate by 4 per cent. and for aluminium extrusions by 3 per cent. earlier this month and according to observers has been encouraged by its ability to hold the new price levels.

Aluminium demand has been falling behind expectations and price competition has been sharpening among distributors, who have been pushing up their prices in a bid to move stocks. All forms of aluminium products and price accounted for 45 per cent. of the American industry's sales last year.

Alcoa's stance on price rises is being followed by other producers in the department. Worldwide backlogs on September 30 were 28 per cent. higher than at the beginning of the year, and third quarter rental and service revenue was up 13 per cent. Outright sales of systems and products increased 9 per cent.

Burroughs 16% gain

BURROUGHS Corporation net profits rose 16.1 per cent. to \$43.17m. in the third quarter from \$37.19m. in the same period last year, Reuter reports from New York.

Earnings a share were \$1.06, against \$0.92, while revenues rose to \$490.3m. from \$453.2m. in the first nine months, net earnings were 16.5 per cent. up.

TELETYPE

	1977	1976
Revenue	550.7m.	431.0m.
Net profits	52.7m.	45.3m.
Net per share	4.42	3.80
Net share dil.	4.32	3.76
Revenue	1.62m.	1.42m.
Net profits	121.1m.	98.5m.
Net per share	10.20	7.56
Net share dil.	9.98	7.35

N. AMERICAN PHILIPS

	1977	1976
Revenue	487.3m.	427.7m.
Net profits	13.7m.	14.1m.
Net per share	1.07	1.10
Net share dil.	1.03	1.06
Revenue	1.32m.	1.23m.
Net profits	41.9m.	39.4m.
Net per share	3.22	3.08

WHIRLPOOL CORPORATION

	1977	1976
Revenue	555.4m.	425.1m.
Net profits	31.1m.	28.1m.
Net per share	0.87	0.72
Revenue	1.54m.	1.23m.
Net profits	83.1m.	75.5m.
Net per share	2.37	1.52

OWENS-CORNING FIBERGLAS

	1977	1976
Revenue	410.0m.	278.7m.
Net profits	34.3m.	19.8m.
Net per share	2.21	1.35
Revenue	1.0m.	782.2m.
Net profits	76.7m.	50.6m.
Net per share	5.10	3.38

WINN-DIXIE STORES

	1977-78	1976-77
Revenue	1,008m.	802.6m.
Net profits	14.6m.	14.7m.
Net per share	0.70	0.76

Quaker Oats' Italian purchase

By PAUL BETTS

QUAKER OATS, THE U.S. food manufacturer, is to buy a 25 per cent. interest in the Italian food company, Chiari and Forti foodstuffs company, for a total of £1.5bn. or \$10m.

The U.S. group will acquire this minority stake by subscribing entirely to a forthcoming capital increase by the Italian company, paying double the nominal price of the new shares. The operation involves the increase of Chiari and Forti's capital from £2m. to £12.5m. through a rights issue of new shares with a nominal value of £500 each, for which Quaker Oats will pay £1,000 per share.

However, the Italian company

said that any subsequent medium-term capital increase would be effected through a public offer to all shareholders in order to protect their interests.

Chiari and Forti has experienced financial difficulties during the last three years, accumulating losses in that period of £7m. At the same time, the Italian company, which employs more than 700 people, would be effected through a public offer to all shareholders in order to protect their interests.

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ROME, Oct. 14.

THE deal forms part of Anic's plan to expand in the pharmaceutical and chemical sectors, the state-controlled chemicals company explained.

According to a Reuter report from Milan today, Anic was still losing money in the first half of 1977, with first half sales rising 6 per cent. to Lire400bn. It paid no figures for the deficit.

Last year sales rose 35 per cent. to Lire770bn. and the company made a net loss of Lire44.6bn. after a capital revaluation to cover previous losses during the year.

Chemical fibres were the main loss centre.

Italian state holding company IRI will call on an international technical commission to examine the viability of its Alfa-Sud car plant, which is one of the main sources of IRI group losses.

Anic acquisition

By OUR OWN CORRESPONDENT

ROME, Oct. 14.

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WARDGATE COMMODITY FUND

	1977	1976
Revenue	1,008m.	802.6m.
Net profits	14.6m.	14.7m.
Net per share	0.70	0.76

COCOA THE OUTLOOK FOR 1977-78

A new assessment is available now, price £5, from Inter Commodities Limited, 3 Lloyds Avenue, London EC3N 4DS. Telephone: 01-481 1101.

The First Viking Commodity Trusts

	1977	1976
Revenue	1,008m.	802.6m.
Net profits	14.6m.	14.7m.
Net per share	0.70	0.76

COMMODITIES/Review of the week

Shortage fears boost tin

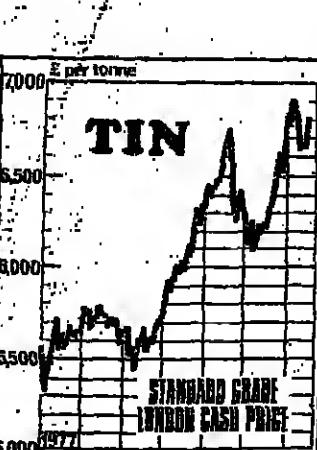
OUR COMMODITIES STAFF

PRICES surged ahead on the tin market, cash tin reaching a tootie at one stage, as buying suddenly stepped in after a period of price ease. The high grade tin was quoted at £10 to £12.50 a tonne, and was still up on a week ago.

There were similar gains in other grades, tin with the cash up by £1.50 and three is £1.00 yesterday, climbing but not all of the earlier in the week.

recovery in tin yesterday encouraged by forecasts of in LME warehouse stocks, that to the previous week's, that helped earlier to de-price. Other metals were pressure from the rise in tin, but not all of the earlier in the week.

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figures released yesterday, drove the tin position down by £1.50 a tonne. The West German grind to the third quarter of 1977 at 30,494 tonnes was only 0.4 per cent. lower than last year, but dealers had been expecting a rise of up to 5 per cent.

However, it was noted that despite the offerings of current crop Nigerian cocoa, the December position remained at a considerable premium to March, indicating that a shortage remains of supplies immediately available to the market.

There are rumours of further shipment delays from the Ivory Coast and Nigeria. A week's postponement of the opening of the Ghana main crop buying season added weight to views that the crop may have been even more delayed by flooding.

Coffee prices fell to new lows for the year this week. The January position closed last night at £1,670 a tonne, £43.5 down on the week. In very active trading conditions yesterday, the tin position lost £131.5 to £1,774.5 on reports of big fresh sales of Robusta, although this was strongly denied by the Ivory Coast Coffee Board. Brazil also deared earlier rumours that it had sold 2m. bags to General Foods of the U.S. at \$3.2 a pound. It was claimed that no sales would be made below the present minimum export price of \$3.20 a pound—over double present world market values.

MARKET REPORTS

BASE METALS

COPPER—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

WIREBAR—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

ALUMINIUM—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

ZINC—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

NICKEL—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

SILVER

Silver was fixed 8 1/2 pence lower for spot delivery in the London market, but was up 1 1/2 pence for three months' delivery. The price of silver fell a net 10 on the week. Turnover, £1,000 tonnes.

GRAINS

WHEAT—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

BARLEY—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

RYE—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

OATS—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

WOOL FUTURES

WOOL—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

U.S. Markets

SOYABEANS—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

COCOA—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

COFFEE—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

TEA—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

EKL PRICE CHANGES

	1977	1976
Revenue	1,008m.	802.6m.
Net profits	14.6m.	14.7m.
Net per share	0.70	0.76

RUBBER

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SUGAR

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JUTE

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FINANCIAL TIMES

FINANCIAL TIMES—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

REUTERS

REUTERS—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

DOW JONES

DOW JONES—Unchanged but active. The forward price quoted at \$1.00 on the London Metal Exchange, based on the weaker dollar brought about a rally in the price of the metal. The price fell a net 10 on the week. Turnover, £1,000 tonnes.

Financial Times Saturday October 15 1977

Table with 2 columns: Company Name and Price/Value. Includes entries like British Petroleum, Shell, and various industrial stocks.

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MONEY + EXCHANGES

Minimum Lending Rate 5%

Bank of England Minimum... and all bills offered were allotted. of funds into London through the... Next week a further £200m. will be offered, replacing maturities... by run-down bank balances, a... Treasury bills, a fairly large rate... at yesterday's tender and Bank of... assistance by lending a moderate... was reduced by 1/2 per cent. to amount over the week-end to four... 6 per cent. minimum accepted or five hours, 5 1/2 per cent. at... 5 1/2 per cent. previously, at which level Government disbursements early part, and closing balances... 21 per cent. was allotted. Exchequer and the market was... Rates in the table below are... also helped by a continuing flow... nominal in some cases.

Table with 4 columns: Date, Rate, and other financial data. Includes entries for Sterling, US Dollar, and other currencies.

EXCHANGES AND BULLION

The dollar lost ground in early... Washington Currency Agreement... as calculated by Morgan Guaranty... widened to 1.38 per cent. from... 1.18 per cent. The Canadian dollar fell to... low point of 90.54 U.S. cents but... recovered to 91.04 at the close, compared with the previous... 91.008. Sterling touched a best level... 91.7500, with the authorities... taking in further foreign exchange... for the reserves. The dollar's late... improvement pushed the pound... down to 91.7025 at the close, a... rise of 42 points on the day. Sterling's trade-weighted index... on the basis of the Washington... Agreement, as calculated by the... Bank of England, was unchanged... on Thursday. The dollar's trade... weighted depreciation since the... Gold rose 1/4 to \$138.1537.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Currency, Rate, and other financial data. Includes entries for Euro, US Dollar, and other currencies.

CURRENCY RATES

Table with 4 columns: Currency, Rate, and other financial data. Includes entries for Euro, US Dollar, and other currencies.

EXCHANGE CROSS-RATES

Table with 4 columns: Currency, Rate, and other financial data. Includes entries for Euro, US Dollar, and other currencies.

U.K. CONVERTIBLE BONDS 14/10/77

Table with 4 columns: Bond Name, Price, Yield, and other financial data. Includes entries for various U.K. convertible bonds.

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Dept. FT, Duke of York's HQ, London SW3 4SP

CORAL INDEX: 499-504

INSURANCE BASE RATES	
† Property Growth	7%
Cannon Assurance	\$100
† Address shown under Insurance and Property Cond Table.	

